FINANCIAL TIMES

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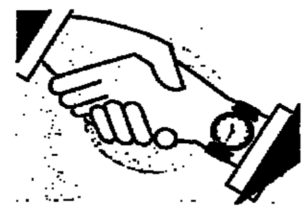

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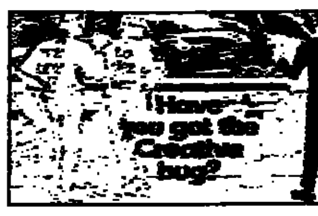

FT WEEKEND
What REALLY happened in the 1960s
TOMORROW

THE GLOBAL COMPANY

Antony Lo
Giant, Taiwan

'Bicycles are as much a fashion item as a piece of machinery'

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Financial turmoil in Asia intensifies ■ UK index suffers 3% decline

HK upheaval sends shockwaves through international markets

By Simon Davies in London and John Labate in New York

The financial turmoil shaking Hong Kong intensified yesterday, as the territory's battle to defend its currency sent share prices plunging, interest rates soaring and prompted shockwaves through international markets.

Asian stock markets from Tokyo to Singapore tumbled on Hong Kong's upheaval, the latest victim of the financial turbulence which has swept the region. And the turmoil spread rapidly through European markets and on to the US.

The UK stock market, which was weighed down by exposure to two of Hong Kong's biggest banks and its former telecommunications monopoly, suffered its biggest fall in percentage terms in more than five years. The FTSE 100 index fell 157 points or 3.06 per cent to 4,991.5. The German, French and Dutch stock markets fell by even more.

However, most bond markets rallied in what was described as "a modest flight to quality". Currency markets in Europe were also stable with the D-Mark strengthening. But emerging markets bonds and currencies both suffered from the South East Asian contagion.

Richard Davidson, European strategist at Morgan Stanley, said: "From a European perspective, the impact on earnings and interest rates is mild, but this has come at a dangerous time when valuations were high and therefore vulnerable to falls."

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Morgan Stanley estimates that European earnings growth would be 1 per cent lower as a result of the fall-out from Asia.

The sell-off in equities concentrated on sectors vulnerable to an economic slowdown in south east Asia. Companies exporting capital goods, luxury products and consumer goods to Asia were hit hard, along with any banks with Asian exposure and airlines with profitable routes there.

However, analysts argued that if fund managers switched capital from the Asian markets and into US bonds, this could be positive for European stock markets, since the US bonds and the dollar have been traditional drivers for European shares.

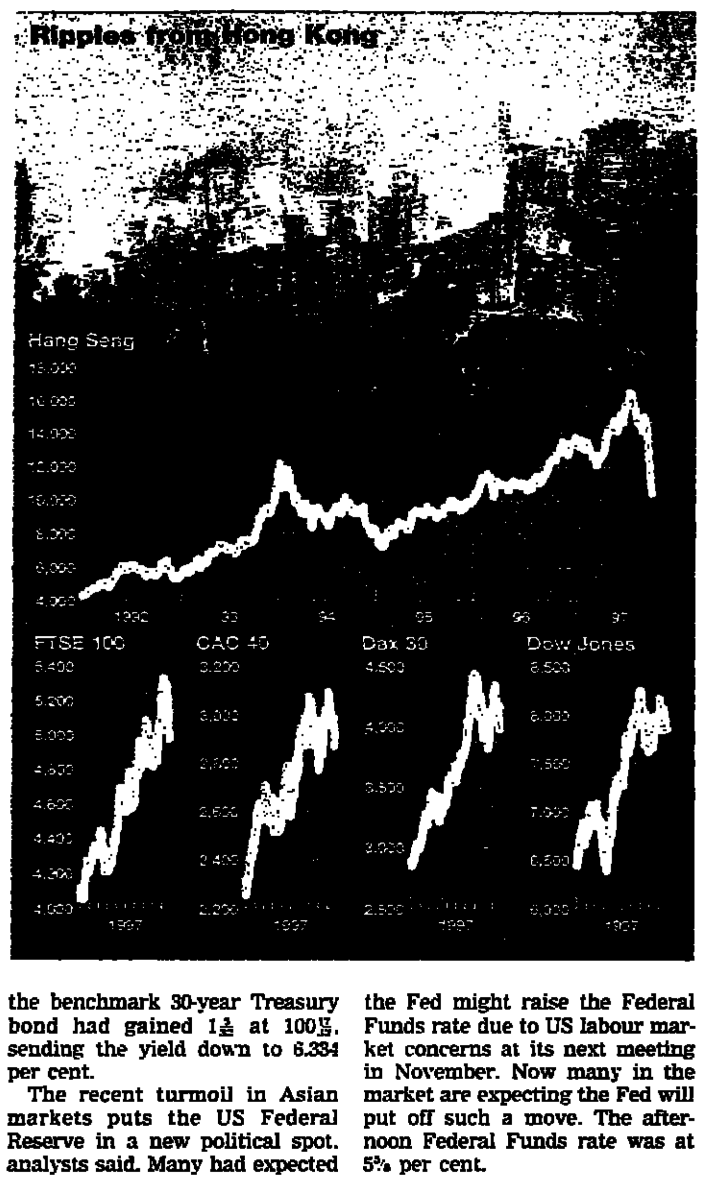
In the bond markets, the UK gilts future settled $\frac{11}{32}$ higher at 118$\frac{21}{32}$, and the German bund future rose 0.45 to 101.77. Kit Juckes, bond strategist at NatWest Markets, said: "The fall in equities is quietly positive news for European bonds, since inflationary pressures remain few and far between."

Wall Street opened sharply lower yesterday and selling picked up momentum in the afternoon, with the Dow Jones Industrial Average off more than 200 points or 2.5 per cent at one point. In afternoon trading the Dow was down 199.90 or 2.49 per cent to 7,834.75, near its lowest point of the trading day.

The US Treasury market rose sharply in morning trading as investors found a safe haven in US bonds, but prices came off their earlier highs by midmorning on what bond traders saw as a round of selling by foreign central bankers. By mid-afternoon the benchmark 30-year Treasury bond had gained $1\frac{1}{32}$ at 100$\frac{17}{32}$, sending the yield down to 6.334 per cent.

The recent turmoil in Asian markets puts the US Federal Reserve in a new political spot, analysts said. Many had expected the Fed might raise the Federal Funds rate due to US labour market concerns at its next meeting in November. Now many in the market are expecting the Fed will put off such a move. The afternoon Federal Funds rate was at 5½ per cent.

Ripples from Hong Kong



Territory pledges to defend peg to US dollar

By John Ridding in Hong Kong and James Harding in Beijing

The Hong Kong government said yesterday it was determined to defend the Hong Kong dollar's peg to the US dollar and that it had used some of its US$88bn foreign exchange reserves to fend off speculators amid the territory's most severe financial upheaval since the stockmarket crash of 1987.

"We have absolute determination to defend the exchange rate," said Donald Tsang, financial secretary. "Speculators arrived last night. We had a reasonably busy time . . . and we have driven them away."

Mr Tsang said the currency had remained solid, strengthening yesterday to HK$7.70 to the US currency, compared with HK$7.75 on Wednesday and a peg rate of HK$7.80.

The battle prompted a surge in overnight interest rates, which leapt from 7 per cent to more than 200 per cent, before easing later. With rising money market interest rates, banks were forced to increase their prime rates, battering confidence in banking and property shares and sending the stock market into free-fall.

Shares dived by 16 per cent at one point, closing down 10.4 per cent, and taking losses for the week to almost 25 per cent. Since its August peak, Hong Kong's stock market capitalisation has fallen by HK$1,660bn ($215.6bn).

"It really is 1987 all over again," said Steve Thompson, chief analyst at Nikko Research Centre. "Most people are sitting around in stunned silence waiting for this day to end."

International institutions were heavy sellers. "People have really been dumping stock just to get out of here," said Gary Coull, chairman of Credit Lyonnais Securities Asia.

Investment analysts said the administration appeared resolute in defence of the peg, but that its survival would ultimately depend on public confidence in the Hong Kong dollar. "I am fairly confident they can keep the speculators at bay. But if the locals decide they want US dollars, then we have real trouble," said one industry executive.

There were conflicting reports about local sentiment. Joseph Yam, head of the Hong Kong Monetary Authority, said selling pressure had come largely from speculators. Hongkong Bank, the largest in the territory, said there were no significant signs of deposit withdrawals.

Others, however, expressed concern. "I think we have a potential loss of confidence in the peg," said Bruce Seton, managing director of Peregrine, the investment bank.

The link to the US dollar, set up in 1983, has been viewed as a vital component in maintaining confidence in the territory through last July's return to Chinese sovereignty. Beijing, anxious to maintain prosperity in the territory, yesterday underlined its support for Hong Kong's exchange rate system.

The People's Bank of China, the central bank, said it was prepared to commit funds from its US$130bn foreign exchange reserves to support the Hong Kong currency.

Underlining Hong Kong's promised autonomy, however, a Beijing official insisted the Chinese government would not intervene. This pledge came despite the continued crash of mainland-controlled shares on the Hong Kong market. Yesterday's debut of China Telecom, the territory's biggest flotation, was ensnared in the turmoil, closing almost 10 per cent below its HK$11.68 issue price.

HSBC backs Hong Kong to preserve currency peg

By Simon Davies in London

HSBC Holdings yesterday invoked the right to restrict early withdrawals from time deposit accounts, underlining its support for the Hong Kong government's fight to preserve the currency peg to the US dollar.

HSBC, formerly Hongkong and Shanghai Banking Corporation, was once the quasi-central bank in Hong Kong. Responsibility as lender of last resort to the banking system has passed on to the Hong Kong Monetary Authority, but as the territory's biggest bank HSBC is under pressure to play a supportive role.

William Purves, HSBC's chairman, yesterday said the HKMA was taking "absolutely the right action" in supporting the peg. But the fall-out from pressure on the Hong Kong dollar has left HSBC's shares 32 per cent below their August high in London.

John Aitken, banking analyst at UBS Securities, said: "Would Hong Kong Bank be prepared to do things that were financially damaging [to itself], if they were considered important to China? China is an important market to it, so I would expect it would."

But with £40bn ($64.8bn) of advances in the Hong Kong market, HSBC is in the firing line regardless of the politics of defending the currency. Higher interest rates and falling asset

Continued on Page 18
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WORLD NEWS

Madrid rejects suggestion of $4bn budget overspending

Spanish officials rejected allegations of "lack of budgetary rigour" after a leaked report from the prime minister's budget office suggested the government had overspent by Pta600bn ($4bn). Finance minister Rodrigo Rato denied any lack of control or risk to the deficit, forecast at 2.9 per cent of GDP this year. Page 18

Warships collide in Aegean
Turkish and Greek warships collided during a Turkish naval exercise in the Aegean sea, heightening tensions between Ankara and Athens. Page 2

Swedish drink curb backed
The European Union's court ruled against a one-man campaign to end Sweden's state monopoly on alcohol sales. "The Swedish retail monopoly pursues a public health aim," the European Court of Justice concluded.

Slow start to Algerian polls
Algeria's first local election for seven years started slowly with a low turnout. The polls come against the backdrop of massacres by suspected radical Moslem rebels of hundreds of civilians.

US industry opposes sanctions
A powerful US industry lobby is backing an attempt to curb Washington's soaring use of economic sanctions. It is supporting a bill to limit the period of sanctions and make it mandatory to consider alternatives. Page 18

Russia 'must share blame'
President Boris Yeltsin said Russia must share blame for splits between and within former Soviet republics, and called for the Commonwealth of Independent States to be reorganised. Reformers still optimistic, Page 2

More held in scandals
Tokyo prosecutors arrested seven ex-executives of Yamaichi Securities, one of the nation's "Big Four" brokerages, in a scandal involving improper payments to a leasing company.

Nigeria likely to quit
Stung by criticism of its human rights record, Nigeria's military regime is expected to quit the Commonwealth today. Page 18; Call for new talks, Page 6

War victor takes power
Chanting supporters and hundreds of Cobra militia greeted civil war victor Denis Sassou Nguesso in Brazzaville, capital of the Congo Republic. He overthrew democratically elected president Pascal Lissouba.

Burma democrat 'died in jail'
Kyaw Din, 58, a member of Aung San Suu Kyi's National League for Democracy party, died in custody, Burma's military government said. He was serving a two-year jail sentence.

Germans shun late shopping
Longer opening hours introduced in Germany nearly a year ago have failed to turn Germans into avid shoppers, retail sector employers and shop worker representatives agree.

Chocolate, but not as we know it
The European Parliament voted that British and Irish confectioners must change the name of milk chocolate to "milk chocolate with a high milk content". Page 3

BUSINESS NEWS

Philips to sell automotive division to Mannesman

Philips, Dutch electronics group, is to sell its division making car audio and navigation equipment to Mannesman of Germany in a Fl 1.5bn ($760m) deal which marks the end of the Dutch electronics group as a main supplier to the automotive industry. Page 19

LucasVarity, UK automotive group, said it was seeking to buy the 66 per cent of Brazilian brake manufacturer Freios Varga it does not already own. It is expected to pay between £100m ($162m) and £110m. Page 21

BMW, German luxury carmaker, aims to increase sales in Asia from 10 per cent to 25 per cent of the group's total. It believes the Asian currency crisis is a temporary phenomenon. Page 20

MCI Communications of the US reported a $182m loss for its latest quarter, reflecting a deterioration in its core long-distance business and a one-off charge of more than $515m. Page 21

Music piracy is growing rapidly in Bulgaria and record companies are considering asking the European Commission to crack down on it. Page 6

Banco Bilbao Vizcaya of Spain underlined its strong earnings potential with a 26.1 per cent rise to Pta88.8bn ($592.3m) in nine-month net attributable profits. Page 22

Banana producers in the Caribbean were promised backing from the UK in the trade row with their Latin American rivals. Page 9

RWE, Essen-based energy and industrial group, expects overwhelming support from municipal shareholders for a radical reform of its ownership structure. Page 22

Endesa, Spanish power conglomerate, is seeking to defuse a boardroom battle at Chilean electricity group Enersis which is central to Endesa's Latin American acquisition strategy. Page 19

Baxter International of the US said its HemAssist blood substitute product for use in cardiac surgery was unlikely to receive European approval for two years. Page 21

Mercosur, the four-nation South American trading group, hopes to unveil a tariff-cutting accord with the neighbouring Andean Pact, Brazil said. Page 6

Rothschild Asset Management, family-owned private business, won US approval to operate the first money market fund denominated in currencies other than the US dollar. Page 19

Mexican media rivals Televisa and TV Azteca reported strong third-quarter results. Page 21

Petron, the Philippines' biggest oil refiner, suffered a third-quarter net loss of 830m pesos ($23.9m) as currency depreciation eroded earnings. Page 20

Sydney Futures Exchange plans to move to a screen-based system in 1999, while the Australian Stock Exchange is to close its last trading floor. Page 19

Markets

STOCK MARKET INDICES		
New York: lunchtime		
Dow Jones Ind Av	7,864.96	(−169.69)
NASDAQ Composite	1,668.12	(−41.96)
Europe and Far East		
CAC40	2,856.87	(−101.19)
DAX	3,977.26	(−194.19)
FTSE 100	4,991.5	(−157.3)
Nikkei	17,151.55	(−536.06)
US LUNCHTIME RATES		
Federal Funds	5½%	
3-mth Treas Bills: Yld	5.114%	
Long Bond	100$\frac{17}{32}$	
Yield	6.334%	
OTHER RATES		
UK: 3-mo Interbank	7¼%	(7$\frac{5}{16}$%)
UK: 10 yr Gilt	105.1563	(105.226)
France: 10 yr OAT	98.40	(98.45)
Germany: 10 yr Bund	102.17	(102.23)
Japan: 10 yr JGB	108.97	(108.96)
NORTH SEA OIL (Argus)		
Brent Dated	$19.88	(same)

GOLD		
New York: Comex		
(Oct)	$323.0	(322.1)
London:	$323.20	(322.40)
EXCHANGE RATES		
Dollar		
New York: lunchtime		
£	1.63265	
DM	1.76725	
FFr	5.9248	
SFr	1.4640	
Y	121.745	
London:		
£	1.6299	(1.6350)
DM	1.7747	(1.7815)
FFr	5.9455	(5.9711)
SFr	1.4713	(1.4752)
Y	121.75	(120.575)
Tokyo close		Y 121.43
Sterling		
DM	2.8925	(2.9127)

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NEWS: EUROPE

Russian reformers still optimistic over tax

By John Thornhill in Moscow

The future of Russia's draft tax code, critical for the government's attempts to shore up its rickety public finances, has been thrown into confusion after a face-off this month between government and parliament.

But government reformers still hope a revised code can be adopted over the next few months, if not by year-end as originally planned.

As a conciliatory gesture, President Boris Yeltsin earlier this week offered to withdraw the contentious draft tax code from parliament, even though it had already passed its first reading.

But reformist ministers have since been fighting to salvage the code – once it has been amended by a trilateral commission, including representatives from both houses of parliament.

Gennady Seleznyev, Communist speaker of the lower house, supported this possibility yesterday, saying he hoped the revised code could be submitted for a second reading in early December. But he added it was likely to be "unrecognisable" compared with the government's first draft.

The present draft code envisages a radical simplification of Russia's tax regime, slashing the number of taxes from 200 to 30 but broadening the tax base.

In theory, the government's tax take would fall from the current 35.1 per cent of gross domestic product to 32.4 per cent, following implementation of the code, leaving more money in the private sector to stimulate economic growth.

However, Grigory Yavlinsky, leader of the liberal Yabloko faction, has led a determined assault on the code, arguing it is too illiberal and would only stifle the economy. His faction is responsible for most of the 300 amendments so far tabled in parliament.

Russia's reformers appear torn between two contradictory impulses. On the one hand, they are desperate to rush through a new code to clarify the tax regime, leading to greater predictability of revenue and increased investment.

On the other hand, they can see the advantage of more considered legislation, giving MPs an opportunity to correct the code's imperfections, thereby enhancing its public legitimacy.

One western economist said the 1998 budget could still be implemented on the basis of the existing tax regime, since the introduction of the new tax code would have been revenue neutral at the federal, if not the local, level.

"There is nothing to be lost from spending an extra three or four months seriously going through the code point by point, as long as that does not distort the general tenor of the document," he said.

Spa town may not soothe EU nerves

Foreign ministers to discuss the order of service for enlargement, writes Lionel Barber

After several rounds of shadow-boxing, the European Union is braced for a bruising encounter this weekend over its plans to admit new members from central and eastern Europe.

The meeting of EU foreign ministers in the spa town of Mondorf-les-Bains, Luxembourg, offers a chance to narrow differences over whether to open negotiations on entry with selected countries early next year.

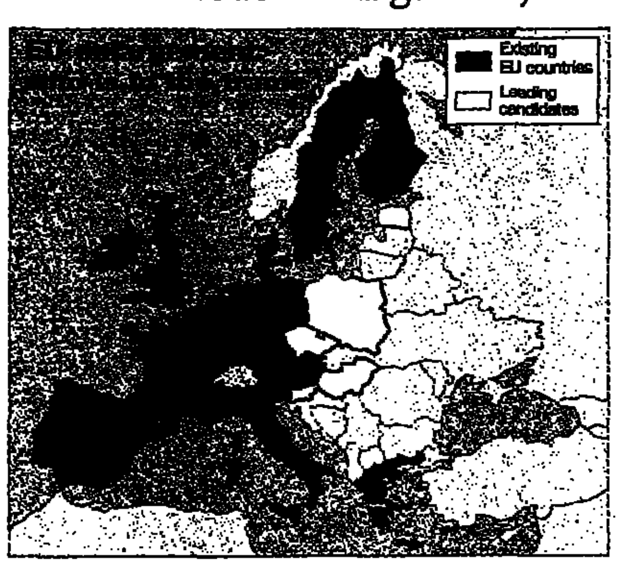
Tomorrow's talks will focus on the European Commission's 1,100-page blueprint on enlargement, codenamed Agenda 2000, which was published amid a storm of controversy.

The Commission judged that Cyprus, the Czech Republic, Estonia, Hungary, Poland and Slovenia were ready to open accession negotiations. Bulgaria, Latvia, Lithuania and Romania were deemed not to have made sufficient economic progress, while Slovakia fell by the wayside because of its poor human rights record.

Jacques Poos, Luxembourg foreign minister, will call on his colleagues today to state where they stand in the beauty contest. The majority are leaning in favour of supporting the Commission, but the Danes, Greeks and Swedes are in favour of opening talks with all applicants, except Slovakia.

Denmark and Sweden want to avoid alienating their Baltic neighbours, Latvia and Lithuania, and preventing new divisions emerging in post-Cold War Europe. But other countries, including Finland, argue this fails to reward Estonia, a bold free-market reforming economy.

The search for an "inclusive approach" to enlargement is further complicated by the EU's relations with Turkey. The new government in Ankara continues to press its long-shot candidacy – to the discomfort of the EU, which sees it as unfit because of its size, relative poverty and human rights record. Turkey's stand-off



with Greece over the divided island of Cyprus is another source of tension.

Ministers will explore how to give Turkey the status which it deserves, specifically whether to offer Ankara a seat at a pan-European conference next year which will include all 15 EU members plus the 11 applicant countries.

In a bid to soften the impact of "differentiation", the Commission has drawn up contracts for EU membership known as the "pre-accession partnership". All applicants will undertake to meet commitments such as democracy, macroeconomic stabilisation, nuclear safety and the adoption of the *acquis communautaire* – the complex set of rules ranging from minimum social and environmental standards to the single market.

Diplomats say the debate is also being driven by arguments over how to finance enlargement within the Commission's proposals of a budget ceiling of 1.27 per cent of EU gross domestic product from 1999 to 2006.

Southern countries, led by Spain, doubt that the poorer, farm-intensive candidates, notably Poland, can be accommodated within this framework. Spain is particularly outraged by Dutch and German demands for a reduction in their EU budget contributions.

The second obstacle to enlargement is reform of the Common Agricultural Policy and regional aid, which account for almost 80 per cent of the EU budget. Agenda 2000's proposals threaten powerful political constituencies, ranging from Mediterranean farmers to poorer western European regions which have grown used to a drip-feed of financial support from Brussels.

Monika Wulf-Mathies, EU regional affairs commissioner, wants to shrink the population of the EU eligible for special aid from around 50 per cent to between 35 and 40 per cent. Countries such as Germany support such discipline, but, applied rigorously, it could remove as many as 60m people from the aid map. "If we move down to 35 per cent, East Berlin will not qualify," says a German diplomat. "What will the Bonn government do then?"

These questions are sensitive because Germany, the self-proclaimed champion of enlargement, faces a general election next September. Insiders in Brussels predict next to no progress on CAP or regional aid reform until the election of a new German government.

The third obstacle to early enlargement is institutional reform. This means more majority voting, a reduction in the size of the European Commission, and a rebalancing of votes between smaller and larger member-states - none of which was settled in the EU's Treaty of Amsterdam signed this month.

The incentives for delay in enlarging the Union are built-in, says one Commission official. Mondorf will give clues on how far member states to break the impasse.

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Thousands of people rally in the Belgian town of Neufchatean this month to express their condemnation of the child sex crime scandals which have beset the country. A new case emerged last week, when a 71-year-old Hungarian-born priest was arrested on suspicion of murdering six members of his family.

The priest denies charges of murdering his two former wives and four of his children. Police yesterday searched the second of his houses in a search for remains of his alleged victims. Police searched one of his three homes on Monday after finding human bones and ashes there.

The searches come as Belgium comes to terms with a 1996 child pornography scandal in which at least four young girls died. The scandal, which is separate from the latest case, continued for months because of shoddy police work, according to the results of a parliamentary probe. King Albert and Queen Paola yesterday met parents of missing and murdered children at the royal palace. Picture: Reuters

Turk and Greek warships collide

By John Barham in Ankara

Turkish and Greek warships collided in international waters in the early hours of yesterday during a Turkish naval exercise in the Aegean sea, further raising tension between the two countries.

Although both sides gave differing accounts it appears that a Greek minesweeper, observing Turkish naval exercises between the Turkish port of Izmir and the nearby Greek islands of Lesbos and Chios, hit a Turkish patrol shadowing it.

Turkey says the minesweeper tried to ram a Turkish submarine sailing on the surface and struck a patrol boat instead. Greece says the patrol boat peeled off from the Turkish flotilla, sailed close beside the minesweeper before deliberately swerving into it.

General Ismail Karadayi, Turkey's chief of staff, said "this not understandable or acceptable. This is an incident which could cause serious conflict." A Greek diplomat in Ankara dismissed the Turkish account as "childish".

Last week Turkish fighters twice buzzed an aircraft taking Akis Tsohatzopoulos, Greece's defence minister, to observe military exercises in Cyprus between Greek and Greek Cypriot forces. Athens said Turkish jets violated Greek airspace about 200 times during the exercises.

Turkey and Greece, notionally Nato allies, are bitter rivals over territorial waters in the Aegean and Turkey's occupation of northern Cyprus.

Defence analysts fear incidents like these could spark off a wider confrontation. Both sides have threatened each other with war on several occasions.

In January 1996, Turkey was about to order a general mobilisation during a crisis with Greece over control of two uninhabited Aegean islets.

NEWS: EUROPE

MEPs vote for 'pure' chocolate

By Emma Tucker in Strasbourg

The European Parliament voted yesterday to force British and Irish chocolate-makers to change the name of traditional milk chocolate to "milk chocolate with a high milk content" or even to "household milk chocolate".

Chocolate from these countries, as well as from Austria, Denmark, Finland, Portugal and Sweden, would also have to carry a label on the front of its wrapper indicating that it contains vegetable fat.

The proposals took the form of amendments to a European Commission draft directive aimed at creating a single market in chocolate. MEPs adopted them by a large majority after an emotional debate in which Belgian parliamentarians led the case for "pure" Continental-style chocolate, which uses only cocoa butter.

The vote overturned the Commission's painstakingly constructed compromise, which sought to allow all types of chocolate to circulate freely inside the EU, while keeping both sides happy.

The Commission said yesterday it would not accept any amendments that tilted the directive too far in favour of one camp. It is obliged to consider the amendments, but can reject them all. It must then present an amended proposal for a directive to the EU's 15 governments.

The main point of disagreement has been over whether chocolate should be allowed to contain vegetable fats, rather than cocoa butter, as is the case in the UK, Ireland, the Nordic countries, Austria and Portugal. In these countries up to 5 per cent of a chocolate bar can be made of such fats.

Manufacturers argue that their use allows them to keep costs low and reduces dependence on cocoa.

Another argument has been over what constitutes "real" milk chocolate. British milk chocolate has traditionally contained a higher milk content than Continental milk chocolate, 20 per cent as opposed to 14 per cent.

But British chocolate-makers were unrepentant. "We refuse to accept that our product is in any way inferior, it is just different," said Richard Frost of Cadbury's. "The British have always preferred more milk in their chocolate, just as we like milk in our tea."

Supporters of pure chocolate also argue that extending the right to use vegetable fats to the rest of the EU will damage cocoa-producers in developing nations.

MEPs also voted for an amendment that will require any vegetable fats used in chocolate to be of tropical origin.

Serbia aims to stop the economic rot

The present political crisis is not helping, but reformers are looking to the long term with their privatisation law

Milan Beko, Serbia's minister for "ownership transformation", admits the present political crisis is not helping next week's launch of the Yugoslav republic's privatisation law. But Mr Beko, the Socialist government's leading reformer, is looking to the long term and says Serbia must at least begin to stop its economic rot, even if it cannot expect large foreign investment right now.

"For reforms and privatisation we need a stable political environment. Having this election period you simply do not have a critical mass for it," Mr Beko told the Financial Times yesterday.

Within the past month, the ruling Socialist coalition led by Slobodan Milosevic has lost its majority in the Serbian parliament, while its candidate for president was defeated by the ultra-nationalist Radical party leader, Vojislav Seselj. A turnout below 50 per cent invalidated the result of the presidential elections, and fresh polls are to be held on December 7.

Such political uncertainty, coupled with US sanctions barring Yugoslavia from IMF membership, is deterring foreign investors. "They are coming slowly, one by one, taking something and waiting. So we have to cut our losses and privatise immediately," Mr Beko said.

Under the privatisation act, which comes into effect on October 31, the majority of Serbian workers and farmers will receive free shares nominally worth DM400 ($227) for every year of service, up to 60 per cent of an enterprise's capital value.

The proceeds of privatisation will go not to enterprises themselves but to the government - 50 per cent to an economic development fund, 25 per cent to a labour market bureau and 25 per cent to the state pension fund. Shareholders will only be allowed to sell their holdings in stages, 10 per cent in the first year, the full amount after four years.

Critics say the populist law will result in a wide dispersion of shares, making it hard for strategic investors to take a controlling stake. Others doubt the process will even get off the ground because of a lack of popular confidence in the regime, demonstrated by the recent elections.

Next week, the government will issue a list of 100 "strategic" companies to be privatised separately under central control. Mr Beko said these will include loss-making factories needing restructuring, such as the Zastava car plant, cement factories, copper plants and monopolies such as tobacco.

State utilities, including the electricity generating industry, EPS, and the oil and gas conglomerate, NIS, are also to be sold off. German and British companies have shown interest. Mr Beko estimates the total value of assets to be privatised at DM90bn, against current money supply of DM3bn.

Initial curbs on sales of shares were necessary to protect the market from collapse because of a lack of money in Serbia, Mr Beko said. The government plans to set up a functioning securities market within four to five years. Deloitte and Touche are advising the government which also has the support of the British Knowhow fund.

● The Socialists announced yesterday they had dropped their failed Presidential candidate, Zoran Lilic, and replaced him with Milan Milutinovic, the Yugoslav foreign minister.

Guy Dinmore

Czech foreign minister resigns

By Robert Anderson in Prague

The Czech foreign minister, Josef Zieleniec, tendered his resignation yesterday, saying he had been frozen out of the leadership of the ruling Civic Democratic party (ODS).

His departure is another blow to the minority coalition government of Vaclav Klaus which has been rent by internal divisions since it scraped back to power last year and which suffered a currency crisis in May.

Last night Mr Klaus, the prime minister, moved quickly to find a replacement and after a meeting with Vaclav Havel, the president, installed Jaroslav Sedivy, ambassador to Belgium and Nato as the new foreign minister.

Mr Havel has taken a keen interest in the Czech Republic's preparations and negotiations for entry into the European Union and Nato, and earlier said he would not accept Mr Zieleniec's resignation.

The government is currently struggling to push its 1998 budget through parliament, where it commands only 100 of 200 seats.

Mr Zieleniec said that he had resigned as foreign minister and party deputy chairman because he had not been consulted about the appointment of the new interior minister, Jindrich Vodicka, and had been excluded from decisions about party finances.

"Crucial decisions [about party finances] were made without the knowledge of the ODS board and without its authorisation," he said.

Mr Zieleniec is a founder of the centre-right ODS, and has been foreign minister in the two governments it has led since 1992.

But he has had a strained relationship with Mr Klaus and has consistently pushed for more internal party democracy.

In the past he has been seen as a potential leadership candidate, but his attacks on Mr Klaus appear to have eroded his support.

Zieleniec: 'frozen out'

NEWS DIGEST

German pledge on TV sport

Important German sporting events will not become the monopoly of pay television, viewers were assured yesterday by the prime ministers of the country's 16 regional states, the Länder.

The state premiers agreed that events of "particular public interest", such as national team football matches, the World Cup semi-final and final matches, and the Olympic games, should continue to be broadcast live at no extra cost to viewers.

After a meeting with TV networks and sporting authorities, the Munich-based Kirch Group, which owns the rights to World Cup competitions in 2002 and 2006, offered to broadcast certain matches free of charge. But the company insists any agreement should be reached on a voluntary basis. *Frederick Stüdemann, Berlin*

■ AZERBAIJAN

Attack on corruption

A swingeing attack on corruption and bureaucracy in Azerbaijan was launched this week by Roger Thomas, the British ambassador to the country.

His unusually outspoken remarks, for a diplomat *en poste*, were all the more significant in view of the important stake held by British companies, notably BP, in Azerbaijan's Caspian oilfields, from which oil is due to start flowing on November 7. Mr Thomas, speaking at a conference organised by the Baku chamber of commerce, spoke of "the hijacking of assets and wealth by a few people while a large part of the country goes empty-handed". He said that foreign companies were being "frightened away" from Azerbaijan by excessive and arbitrary taxation, and that corruption, in the form of "unofficial overheads" provided "a further disincentive to invest". *Edward Mortimer, London*

■ POLAND

Row over security service

A row over Poland's security services threatens to bedevil the new Solidarity-led government, which faces crucial decisions on reforming intelligence structures founded in the Soviet era.

The issue reared its head this week when rightwing factions in Solidarity Electoral Action (AWS), victorious in last month's elections, sought to block the appointment as justice minister of Hanna Suchocka, a member of the allied Freedom Union (UW). Her critics contend that, when she was prime minister in 1993, she tolerated a secret service dirty tricks campaign inspired by the entourage of the then president, Lech Walesa.

The debate has implications for Poland's future role as a frontline state for Nato and the European Union, both of which the country wants to join. The argument now centres on whether to close down the State Security Office (UOP), set up in the early 1990s as a successor to the communist-era Security Service (SB), or to continue with piecemeal reforms. The latter method was the one adopted by post-1989 Solidarity governments.

They purged those agents most deeply compromised by their work for the communist regime, but retained many others. *Christopher Bobinski, Warsaw*

■ SWEDISH ALCOHOL POLICY

Court upholds state monopoly

The European Court of Justice yesterday upheld Sweden's state monopoly to sell wine and spirits, in a surprise decision which the Swedish government described as "a victory for public health".

In a ruling that could further protect state alcohol monopolies in neighbouring Finland and Norway, the court decided that Sweden's Systembolaget monopoly did not contravene European law in restricting alcohol sales to state-run outlets. "The system by which the Systembolaget selects products is based on criteria which are independent of their origin, non-discriminatory and not liable to put imported products at a disadvantage," the court said.

By upholding the monopoly retail system, the court appeared to have ignored the advice of its own advocate general, who earlier this year issued a preliminary ruling rejecting the government's argument that the monopoly was justified on health grounds to stem high levels of liquor consumption. *Tim Burt, Stockholm*

'Bloodbath' over HK$

Authorities say Hong Kong's fundamentals are sound. Others point to 'asset bubbles'. **John Ridding** sees a stock market pushed to the edge of the abyss

The storm gathering strength over Hong Kong's financial markets burst with a vengeance yesterday as the battle for the Hong Kong dollar raged in earnest, pushing the stock market to the edge of the abyss and sending interest rates soaring.

"It is a bloodbath out there," said John Mulcahy, managing director of Indosuez W I Carr.

As he spoke, the market plunged through the 10,000-point barrier, suffering its biggest ever fall in terms of points, and a decline of more than 14 per cent. Later it recovered some ground, but anxiety remained high.

"We have not seen this since the '87 crash or the aftermath of Tiananmen Square," said one Hong Kong investment banker, talking in a shaken voice about the 25 per cent plunge since the beginning of the week.

As the stock market dived, money market interest rates soared. Overnight rates rocketed beyond 200 per cent as the Hong Kong Monetary Authority, the territory's de facto central bank, squeezed liquidity in an attempt to hurt speculators.

Rates for one month through three months all climbed towards 15 per cent, while the Hongkong Bank, the Bank of China and the other pillars of the establishment pushed up prime rates from 8.75 per cent to 9.5 per cent.

Shares in property and banking blue-chips dived as investors weighed the impact on these twin pillars of the territory's economy.

The issue, for many commentators, was nothing less than Hong Kong's survival as one of Asia's leading financial centres. "They have to defend the dollar," said Mr Mulcahy. "If it goes, there will be huge capital flight, it could lead to social instability."

For most in the business community, the territory's fixed currency peg to the US dollar is viewed as a vital bolster for confidence during the period surrounding the transition to Chinese sovereignty.

But as south-east Asia's currency crisis has swept north to the last bastion of fixed exchange rates, pressures on the system have gathered strength.

"If this keeps up then they can choose between the peg on the one hand, or the property market and financial markets on the other," said Archie Hart, director of equities at BZW (Asia). "They can't have both."

See World Stock Markets
section two

The real worry in the financial markets is that individual investors as much as speculators have been moving out of the Hong Kong dollar.

Traders said that retail investors had been switching out of Hong Kong dollars and that corporate entities were scrambling to hedge their US dollar borrowings.

"We have the makings of a significant problem," said Bruce Seton, managing director of Peregrine Asset Management. "Foreigners cannot break the peg, local people can."

Should local investors switch deposits in sufficient volume, even Hong Kong's mighty US$80bn foreign exchange reserves, backed by China's holdings of US$120bn, would find it hard to hold the peg.

Hong Kong's financial officials, and its big banks, played down the scale of public sales.

"It was more the people without Hong Kong dollars [the speculators] than the public," said Joseph Yam, head of the Hong Kong Monetary Authority, the de facto central bank. Hongkong Bank said there was not significant switching of Hong Kong dollars into the greenback.

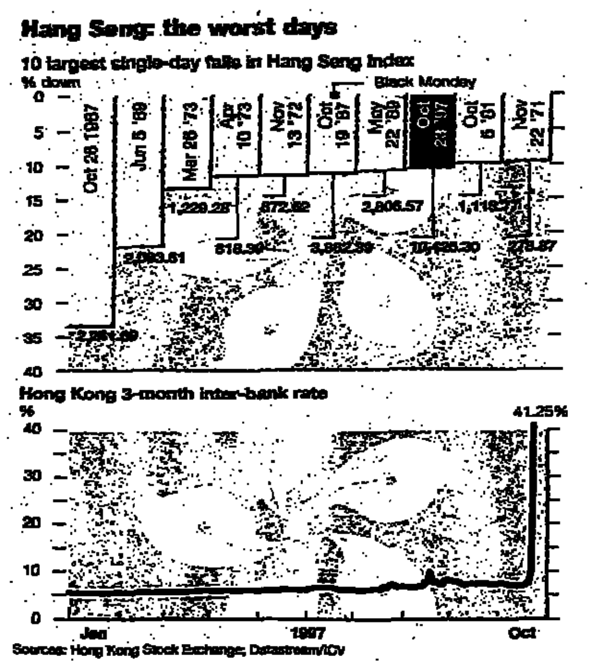
Even if public confidence holds, the authorities face a tough test. "It really comes down to how much pain Tung, Tsang and Yam are prepared to inflict," said one currency trader, referring to the territory's post-colonial leader, his financial secretary and the HKMA chief.

Donald Tsang said he was "not worried" by the stock plunge.

He argues that Hong Kong's robust economic fundamentals, with growth of about 5 per cent, falling inflation and low unemployment, set the territory apart from the rest of the region, burdened by over-extended banks and property developers.

Mr Tsang and his team have the full backing of China, which staunchly supports the currency peg as a means of safeguarding the stability and prosperity of its capitalist prize.

Beijing's announcement of interest rate cuts on Wednesday was partly designed to bolster sentiment to the south.



Sources: Hong Kong Stock Exchange; Datastream/ICV

The dilemma for Hong Kong lies in its own interest rates. A protracted period of high rates will quickly change the fundamentals outlined by Mr Tsang. Others warn that the underlying picture is not as robust as portrayed.

"As with the Thai finance companies, Hong Kong credit increases have financed an asset bubble," said Dresdner Kleinwort Benson in a recent report. "The Hong Kong safe haven has three of Thailand's vices: an asset bubble, a fixed exchange rate, and 47 per cent of all loans out to property."

For these reasons, time is now of the essence in determining whether Hong Kong goes the way of Thailand and the rest of South-east Asia in relinquishing its exchange rate peg.

MARKET VICTIMS

Finance, property shares battered

By Simon Davies in London and Louise Lucas in Hong Kong

The biggest victims of yesterday's record fall on the Hong Kong stock market were the finance and property sectors and "red-chip" shares.

The substantial increase in short-term interest rates in Hong Kong on Wednesday night is expected to knock property prices, thereby increasing bad debts for banks. It is expected to reduce substantially activity in the property market, damaging profits for property developers and banks.

And interest rate rises have encouraged selling from retail investors who borrowed money to buy shares in speculative red-chips – Hong Kong companies controlled by Chinese companies.

Leading the plunge on the Hang Seng Index yesterday were the finance stocks. Hang Seng Bank lost HK$5.50 to close at HK$70.25, and Bank of East Asia fell HK$2 to HK$20.50. The smaller banks were also marked sharply lower, with Kwong On Bank falling HK$1.20 to HK$7.25.

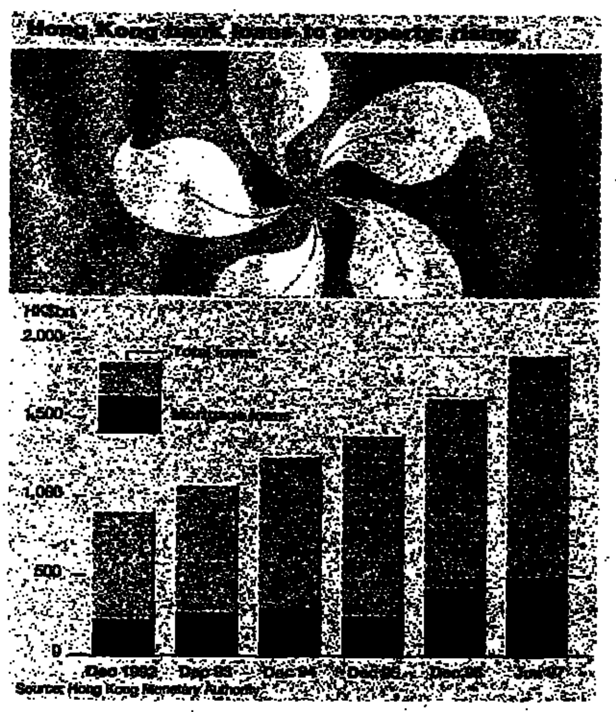
The interest rate sensitive property sector also took a beating. Heavyweights Cheung Kong shed HK$7.75 to close at HK$50.25 and New World Development was down HK$1.20 at HK$28.50.

The red chip index slid 10.12 per cent, with once hotly sought-after stocks such as conglomerate Shanghai Industrial falling HK$0.60 to HK$23 – down from a record high of HK$60 less than two months ago. Citic Pacific, China's main investment agency in Hong Kong, shed HK$2.10 to HK$30.30 on a hefty turnover of HK$1.25bn. First Shanghai plunged 30.5 per cent to HK$1.07.

The steep falls mark a U-turn from the massive rally enjoyed by the sector in the run-up to the handover of sovereignty in Hong Kong. The red-chip index now trades on a prospective p/e of around 16 times, down from around 40 times at its peak.

Selling continued in London, and HSBC and Inchcape were among those falling most in the UK stock market. Inchcape has a significant trading business based in Hong Kong. But Standard Chartered Bank and Cable and Wireless, both with substantial Hong Kong businesses, fell little more than the UK market, albeit after considerable declines since the start of the week.

Hong Kong bank loans to property rising



Source: Hong Kong Monetary Authority

HONG KONG BANKS

Lending rates raised as pain spreads

By Louise Lucas in Hong Kong

Hong Kong's biggest banks yesterday raised their best lending rate by 75 basis points to 9.50 per cent, in a bid to limit damage caused by the currency turmoil.

The territory's banks, regarded as the most robust in the region with strong balance sheets and quality loan books, have seen their margins contract as inter-bank rates began climbing up earlier this year.

Hongkong Bank and its affiliate Hang Seng Bank, Standard Chartered and Bank of China announced the move mid-morning, when the stock market, which has heavy property exposure and so is highly interest rate sensitive, was already in free fall.

Christopher Langley, general manager of Hongkong Bank, said: "Interest rates are taking the stress and strain, as is the Hang Seng Index. We are going to go through some rather rough water for a day or two, or possibly a little longer, but I'm confident we will be able to come out in good shape when the storm blows over."

The banks were pushed into raising prime rates after yesterday's surge in overnight rates, which were around 250 per cent at noon. Rates in the interbank market, where banks access funds, have been climbing up from about 6 per cent earlier this year to 10 per cent yesterday. This has squeezed bank margins, as their best lending rate has remained constant since March. Smaller banks, which do not have access to alternative forms of funding such as retail deposits, have been among the biggest victims.

By raising the cost of mortgages, the banks have hit the biggest portion of their borrowers: about half of loans extended are property-related, a figure which has long concerned the Hong Kong Monetary Authority.

These concerns have been increased by the bearish outlook for property. Supply is to be boosted under a government initiative, and because of the currency peg a further rise in interest rates is possible if the US Federal Reserve lifts rates.

But the banks' asset quality is high by global standards. Specific bad debt provisions were sharply lower in the first half of this year, and non-performing loans stand at just 0.8 per cent of advances. These are comfortably covered by balance sheet provisions of 1.4 per cent of advances.

Analysts said the rise was inevitable, given turmoil in the interbank market – itself a result of defending the currency – but they were less sure that banks would reward their savers with a rise in short-term deposit rates today.

The ramifications for the banks have not been worked through yet. Much recent selling on the stock market has been margin-driven.

Bruce Seton, managing director at Peregrine Asset Management, noted any inefficiencies in brokerages' back offices could mean clients continued to trade with uncleared margin positions.

"That leaves debts with the banks, never a stable position," he said. Loans to financial concerns rose rapidly in the year to June, with lending to stockbrokers up 37 per cent, according to Merrill Lynch.

FALLOUT FOR BUSINESS

Small market with big impact for Europeans

By Simon Davies, Capital Markets Editor

Hong Kong is a small market for European companies, but the impact of the stock market collapse there could have a significant impact on demand for western goods and services throughout the region.

European companies in particular have targeted Asia as a key area for growth in recent years, given difficult conditions in their domestic markets.

ABB, the Swiss-Swedish engineering company, has been one of the most successful capital goods businesses in the Far East. Only recently, Percy Barnevik, ABB's chairman, told the FT of the need for businesses to establish a local presence in emerging markets "and become, for example, a Chinese, Indonesian and Indian citizen".

But ABB announced 10,000 job losses earlier this week, as it restructures in the face of weak South-east Asian markets.

Problems in Hong Kong's banking sector could reduce funding for the regional infrastructure projects, particularly those in China. And this is happening at a time when contractors are already nervous after project cancellations in Malaysia and Indonesia. Western companies such as Siemens, General Electric or Kvaerner could suffer.

Among the western banks, HSBC Holdings and Standard Chartered are most exposed to the effects of substantially higher short-term interest rates in Hong Kong, but Citicorp also has a substantial Hong Kong and Asian business. Project finance in the region is likely to decline, and lending margins have narrowed considerably, so there could be impacts from individual projects.

Luxury goods companies will also fare badly. Around half of LVMH's sales of cognac and luxury goods come from Asia. Gucci sells nearly 8 per cent of its products in Hong Kong alone. Clearly, in the face of falling asset prices in Hong Kong and elsewhere, consumers will be less likely to pay out for luxury brands.

Consumer goods companies have also benefited from the so-called Asian miracle. Profit forecasts for Guinness and Grand Metropolitan, soon to be merged into the world's largest spirits group, have already been downgraded by more than £50m ($81m) as a result of the turmoil elsewhere in the region. Further downgrades now look likely.

Unilever, Nestlé, Procter & Gamble and Coca Cola have also put considerable resources into building sales in Asian emerging markets. These are long-term commitments, and the region makes up a relatively small part of profits. Nonetheless, Asian growth has been one of the props for their premium stock market valuations, so it could have a disproportionate effect on share prices.

The implications of Hong Kong turmoil could indeed spread much further. Mr David Bowers, European strategist at Merrill Lynch, says: "If you lose domestic demand in this region, then that is very bad news for pricing power in basic chemicals, steel and paper."

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

Provisional Price for Trading on 24.10.97 | Final Prices for Trading on 25.09.97

½ hour period ending	Pool purchase price £/MWh	Pool purchase price £/MWh	Pool selling price £/MWh	TS use of system price £/MWh
0030	10.61	10.34	10.34	0.00
0100	10.49	10.33	10.33	0.00
0130	10.60	10.33	10.33	0.00
0200	16.37	10.33	10.33	0.00
0230	16.37	12.34	12.57	0.68
0300	16.37	12.34	12.57	0.68
0330	16.37	12.34	12.57	0.68
0400	16.37	12.34	12.57	0.68
0430	16.37	12.34	12.57	0.68
0500	16.37	12.34	12.57	0.68
0530	10.46	16.39	16.61	0.68
0600	10.46	16.39	16.61	0.68
0630	17.84	16.39	16.61	0.68
0700	24.26	16.39	16.61	0.68
0730	29.62	16.39	16.62	0.68
0800	28.01	22.10	22.33	0.68
0830	52.42	19.43	19.66	0.68
0900	52.64	22.15	22.39	0.68
0930	54.00	27.25	27.50	0.68
1000	96.59	27.26	27.51	0.68
1030	96.39	27.84	28.09	0.68
1100	49.10	27.84	28.09	0.68
1130	37.63	27.85	28.10	0.68
1200	37.69	27.84	28.10	0.68
1230	37.50	27.82	28.07	0.68
1300	31.67	24.43	24.66	0.68
1330	31.59	22.10	22.33	0.68
1400	31.58	19.40	19.63	0.68
1430	31.55	19.40	19.62	0.68
1500	27.81	19.40	19.62	0.68
1530	27.81	19.40	19.62	0.68
1600	27.81	19.40	19.62	0.68
1630	27.81	111.10	111.33	0.68
1700	27.82	111.10	111.33	0.68
1730	27.83	41.48	41.71	0.68
1800	38.75	19.40	19.62	0.68
1830	46.51	19.40	19.62	0.68
1900	61.79	10.63	10.63	0.00
1930	59.06	32.20	32.43	0.68
2000	51.59	32.21	32.43	0.68
2030	49.10	27.26	27.48	0.68
2100	28.18	27.25	27.48	0.68
2130	28.17	24.73	24.95	0.68
2200	24.25	24.73	24.96	0.68
2230	23.18	24.73	24.95	0.68
2300	17.64	22.45	22.67	0.68
2330	15.66	15.40	15.62	0.68
2400	15.66	14.97	15.20	0.66

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £14.88/MWh becomes 1.488p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alterations) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. The Transmission Services Use of System Price (TSP) is charged by the National Grid Company plc (NGC) for the operation and development of its electricity transmission system for the purpose of operating the costs arising from the operation of that system. Charges are calculated by NGC and are based on payments made by NGC into the pool. TSP is also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool and on TSP on behalf of NGC by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0118 [illegible] between 8.30am and 5.15pm Monday to Friday.
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'ONE COUNTRY, TWO SYSTEMS'

Glittering acquisition starts to test Beijing's mettle

In the few months since its glittering return to Chinese sovereignty at midnight on July 1, Hong Kong has been a source of pride to the Beijing leadership. Now, it has started to test their mettle.

The financial crisis will take the measure of China's commitment to Hong Kong's independent management of its own affairs, China's vulnerability to the vagaries of the Hong Kong economy, and China's capacity to help Hong Kong if called on.

Yesterday, Beijing officials were clinging to the official formula for handling Hong Kong: distancing the mainland government from the crisis.

"Hong Kong operates under the system of 'one country, two systems' ... it is responsible for its own economic management," said Shen Guofang, Beijing government spokesman, sticking to the principle enshrining the autonomy of Hong Kong's capitalist economy since its return to Chinese rule.

The People's Bank of China, the central bank, also kept its distance. "The Hong Kong Monetary Authority has full responsibility for managing Hong Kong's financial system, its monetary policy and the Hong Kong dollar," a senior PBOC official said.

"China's central bank will always stand by to help," he added, reaffirming Beijing's commitment to offer funds from its $130bn foreign exchange reserves if needed to defend the Hong Kong currency. "But we see no need to do that. We believe Hong Kong's enormous reserves will be more than enough to handle any such situation."

In the coming days, the question being posed in Beijing is what, even if it wanted to, could China do to help. With foreign reserves of $80bn, Hong Kong is unlikely to need extra funds from China, the official added. The HKMA has an agreement with the PBOC that it may ask to draw on China's national reserves, but Hong Kong has similar agreements with other monetary authorities in the region.

> 'They are facing their first crisis over HK. The instinct will be to weather it out'

The PBOC official said that if China were to step in to support Hong Kong, it would be more likely to take concerted action with a number of other Asian central banks. "If something happens, and I hope and believe it will not, it would be like Thailand," he says.

He was referring to the bail-out package for Thailand orchestrated by the International Monetary Fund. The PBOC "would not intervene to prop up the Hong Kong stock markets".

Beijing would clearly rather not intervene, but officials privately acknowledge China has profound political and economic reasons to wish to see financial calm restored.

"They are facing their first crisis in Hong Kong," says Peter Batey, chairman of the Batey Burn consultancy, and the instinct of the Beijing leadership "will be to weather it out".

The financial turmoil comes at an awkward time for President Jiang Zemin, who embarks on Sunday for America, the most important trip to the US by a Chinese leader since Deng Xiaoping's historic visit in 1979.

At least one Beijing-based economist for a foreign financial institution expects pressure for a swift resolution of the crisis: "They want to be seen to maintain Hong Kong's international reputation. The idea that as soon as China takes over, Hong Kong goes to hell, that the world loses confidence, is not trivial in Chinese eyes."

Beijing officials deny any possible political fallout, but acknowledge it "could have some impact in terms of trade and investment".

Hong Kong accounted for nearly half the foreign investment in mainland China last year, committing US$20.87bn of a total foreign investment of $54.8bn, the State Statistical Bureau says. Hong Kong's trade volume with mainland China in 1996 was US$40.73bn, taking US$32.9bn-worth of Chinese exports.

The People's Daily, China's official newspaper, said the PBOC's decision to cut interest rates earlier this week had an international significance, according to one analyst, that Beijing was hoping to lift confidence in Hong Kong.

But the broader background for the rate reduction was China's slowing rate of economic growth. China's GDP grew 8 per cent in the third quarter of this year, below the government's 9.5 per cent target for growth and 9.7 per cent actual growth last year.

Hong Kong's troubles may also have an impact on state enterprise reform on the mainland. China's largest state companies have looked to the Hong Kong markets as the premier location to raise international capital, but analysts suggest the share price falls this week are likely to slow Chinese state company share issues.

For now, China plans to remain on the sidelines, leaving the play to Hong Kong itself. Another PBOC official said yesterday: "There is no need to panic."

James Harding

FUND MANAGERS

Funds seek alternative safe havens

By Louise Lucas in Hong Kong

Fund managers who normally run to Hong Kong for shelter are looking elsewhere. They are pouring into other markets and into cash instruments in search of some other protection.

"This is serious," said Bruce Seton, managing director at Peregrine Asset Management. "Hundreds of billions of US dollars have been written off private wealth in Asia. It will take a long time to repair that damage."

As the big banks moved in to raise interest rates at mid-morning yesterday, the outlook turned still more bearish because of the stock market's 40 per cent exposure to property.

However, institutional investors' outlook for Hong Kong remains mixed. Sentiment was hit earlier this week by comments made by Barton Biggs, a managing director at Morgan Stanley who has been influential in the region. Mr Biggs, who is issuing a report on Monday on the crisis, said Asia was still in the "downward phase of a vicious cycle."

William Pitman, divisional director of Pacific investment at Henderson Investors, a UK fund management house, said the downturn in Hong Kong was difficult to handle. After shunning Malaysia, Thailand, Indonesia and the Philippines earlier this year, Henderson's Pacific Exempt fund is now underweight in Hong Kong as it moves to a maximum of 10 per cent in cash and Australia. Henderson's overall weighting in Asia has fallen from 6 to 2 per cent.

Andrew Mason, the London-based head of the Asian portion of the $600m Kemper International Fund said it had "cut back sharply" on Hong Kong and Singapore equities since mid-year. The fund now holds 1.5 per cent in non-Japanese Asian equities, down from 5.5 per cent a few months ago.

Mark Mobius, who manages the $4bn Templeton Developing Markets Trust, has pared back his exposure in Hong Kong because of the high valuations. Contrary to many other investors, Mr Mobius has increased his exposure to Thailand and Indonesia in the last two or three months.

Other investors are more bullish about Hong Kong however. Several Hong Kong fund managers said they were recording net inflows of cash. Chris Ryan, managing director of HSBC Investment Funds, part of HSBC Asset Management, said: "It's the right time to buy.

"Of course people are concerned," he added. "But a number of investors are saying: 'I'm long-term and this is an opportunity to get into the market substantially cheaper than you could a month ago'."

Humphrey Carey, deputy chief investment officer of Foreign & Colonial Emerging Markets, also believes Hong Kong represents a buying opportunity.

Some 4.5 per cent of the £5.2bn ($8.4bn) managed by the fund is in Hong Kong, a weighting which has stayed level in spite of the total holding in Asian equities having halved from 33 per cent at the end of last year to 16.4 per cent at the end of September.

"Hong Kong does not have the banking problems of the other Asean markets or even Japan," he said.

James Mitchell, a strategist at Salomon Brothers in Singapore, was "cautiously overweight" on Hong Kong.

Additional reporting by Jane Martinson in London and John Labate in New York

HOW THE CURRENCY BOARD WORKS

A hard nut to crack

Hong Kong's exchange rate mechanism is a tough nut to crack, writes John Ridding. Much tougher, according to economists, than other pegs or links that have tied Asian currencies to the US dollar.

The currency board system used by Hong Kong means that when currency is issued it must be fully backed by the US dollar. When issuing HK dollars, the territory's three note-issuing banks, Hongkong Bank, Standard Chartered and Bank of China, must hand in equivalent US dollars at the rate of HK$7.80 to the currency board, the exchange fund under the Hong Kong Monetary Authority. So, unlike an ordinary fixed-rate system, there is a requirement for 100 per cent foreign currency backing. As a result, the central bank has no discretion to increase money supply by simply issuing more currency. In practice, the HK dollar has even more backing than required by the currency board. With foreign exchange reserves of more than US$80bn, the HKMA has ample funds to buy up every Hong Kong bank several times over.

This is what makes it so hard for speculators to mount an assault on the HK dollar. When speculators sell HK dollars to drive down their value, the HKMA is capable of buying every dollar at the fixed rate while driving up interest rates. With speculators borrowing the HK money for their assault, that is painful.

The system is further strengthened by the limited policy role of the HKMA in exchange rate management. As guardian of the peg it has no domestic obligations. In the words of one economist: "The HKMA is a single-minded sentinel of the peg, acting as money changer".

As a result, it can put the economy through sev- ere pain in terms of higher interest rates to protect the exchange rate.

Since it was set up in 1983, the HK currency board system has weathered storms. But it is not invulnerable. The system and HK's reserves mean all currency is covered, but funds fall short of broadest definitions of money supply, including deposits at banks and other finance companies. Should the Hong Kong public get jitters, they could seek to shift all their HK dollar assets into the US dollar. That could crack the nut.

Japanese car group hit by scandal

Police arrest officials accused of paying Y9m to corporate gangsters, reports **Michiyo Nakamoto**

Police in Japan yesterday arrested a director of Mitsubishi Motors and raided the company's offices on suspicion the carmaker had paid off a corporate racketeer.

The move follows the arrest on Wednesday of three Mitsubishi officials suspected of paying Y9m ($75,000) to corporate gangsters in exchange for guaranteeing not to disrupt with embarrassing disclosures shareholders' meetings held between 1995 and 1997.

The carmaker's shares yesterday dropped more than 5 per cent, by Y30 to Y534.

The arrests are embarrassing to the Japanese public because they take the *sokaiya* scandal beyond the financial and services industries, which have been heavily implicated by a stream of such allegations, to an industry that most symbolises the country's global economic strength.

Mitsubishi Motors' top management yesterday denied knowledge of the alleged payments, but Takemune Kimura, president, suggested he might resign to take responsibility for the scandal. The position of Hirokazu Nakamura, the chairman who was president when the alleged payments began, is also uncertain.

More disclosures of pay-offs by leading companies are expected. Police have discovered payments by at least 10 leading Japanese companies into the account of Terubo Tei, the leader of a *sokaiya* which has also been arrested in connection with the Mitsubishi allegations. The companies are believed to include machinery and electronics makers as well as financial institutions.

Mitsubishi's alleged payments to *sokaiya*, which totalled Y23m ($191,666), are said to have continued even as Japanese police tightened their surveillance of the widening scandal. The alleged payments, made in the form of rental fees for a beach house, began the year after Mitsubishi Motors was listed on the Tokyo Stock Exchange in 1988, enabling Mitsubishi Motors to conclude its shareholders' meetings in about 20 minutes.

The carmaker is a member of the Mitsubishi group of companies and is a partner of Volvo and the Dutch government in the NedCar vehicle manufacturing plant in Holland.

This year alone, officials at seven Japanese companies, mostly in the financial sector, have been arrested for making pay-offs.

The top management of four leading securities companies, Ajinomoto, a leading food processor and Matsuzakaya, a retailer, have all resigned as a result of *sokaiya* revelations as have 60 executives in the financial sector.

Bowing: President Takemune Kimura of Mitsubishi Motors in the centre, flanked by aides Taizo Yokoyama, left, and Fumikazu Yokogawa, right, at a Tokyo news conference

The latest scandal at Mitsubishi comes in the wake of accusations in the US last year that Mitsubishi Motor officials condoned sexual harassment at their US plant. Female workers were allegedly subject to discriminatory and embarrassing treatment.

The US Equal Employment Opportunity Commission filed a legal action against Mitsubishi Motors' American subsidiary.

Mitsubishi Motor Corp, the Japanese parent company, was criticised for its handling of the affair. Initially, it denied it knew anything about the complaints, then was said to have tried to portray them as those of a few disgruntled employees. The parent company says it is improving its internal checks.

However, the impact of this internal reorganisation appear limited, given the parent company's continued payment of *sokaiya* well after the arrests at leading Japanese companies as the scandal widened.

The *sokaiya* allegations did not surprise motor industry analysts, who say Mitsubishi has a "poor disclosure record". MMC is the only Japanese carmaker which does not provide consolidated cash flow statements, says Christopher Redl, industry analyst at ING Barings in Tokyo.

Commonwealth leaders urge fresh liberalisation round at WTO

Call for new talks on free trade

By Guy de Jonquières

Commonwealth countries were urged yesterday by prime minister Goh Chok Tong of Singapore to support the launch of a comprehensive round of world trade negotiations by the end of the century.

Mr Goh's call was backed by John Howard, Australia's prime minister, who said a new trade round was needed to tackle remaining market barriers, further liberalise services and curb subsidies, particularly in agriculture.

The two leaders were speaking at a business forum in London, organised by the Financial Times and the British government, which agreed a number of recommendations designed to give the Commonwealth a bigger role in promoting freer global trade and investment.

The proposals, which call for closer co-operation between the public and private sectors to assist the development of poorer economies, will be presented to this weekend's Commonwealth heads of government meeting in Edinburgh.

Mr Goh said Commonwealth countries should grant duty-free access to its poorest members' exports. Singapore planned to commit itself in the World Trade Organisation to abolishing tariffs on more than 100 products exported by the world's least developed economies.

"The Commonwealth will help its members most by maintaining the momentum of global trade liberalisation under the WTO," he said. "The Commonwealth can open the debate on the need for a new round of trade negotiations at the turn of the millennium."

A new round was needed, which went beyond negotiations already scheduled in the WTO and allowed trade-offs that would produce a balanced package of liberalisation measures, he said. That would particularly benefit developing countries.

Mr Goh is the first developing country leader publicly to call for a new trade round. Sir Leon Brittan, Europe's trade commissioner, strongly supports the idea. But the US, which currently lacks the necessary negotiating authority, opposes it.

Margaret Beckett, British trade and industry secretary, said Britain was doubling support for the Commonwealth partnership for technology management and stepping up efforts to help poorer countries handle trade policy and WTO obligations.

She also called for a firm commitment by Commonwealth members to work together to combat corruption and for non-protectionist measures to strengthen international respect for core labour standards.

The business forum, attended by 44 ministers and 262 business people from more than 50 countries, called for the creation of a council of Commonwealth business leaders, to promote partnerships between the private and public sectors.

The council would focus particularly on promoting private investment in infrastructure, co-operation in banking and financial services and good governance. It would also consider the need for establishing extra exports and investment guarantee capacity.

From left, Goh Chok Tong, prime minister of Singapore, Cyril Ramaphosa, forum deputy chairman and John Howard, Australian prime minister, at the business forum yesterday

Mercosur, Andean pact in tariff deal

By Stephen Fidler and Geoff Dyer in Brasilia

Mercosur, the four-nation South American trading group, hopes to unveil a tariff-cutting accord with the neighbouring Andean pact in mid-December, Brazil's foreign minister said.

Luiz Felipe Lampreia said Mercosur and the five-country Andean group hoped to iron out many of their remaining difficulties when they meet in Venezuela next month during the Ibero-American summit, which brings together leaders from Spain, Portugal and Latin America.

An accord could then be signed in mid-December at the next Mercosur summit in Montevideo, he said. The Andean Pact groups Colombia, Venezuela, Peru, Ecuador and Bolivia.

The accord, a further sign of the rapid commercial integration of South America, would underline the growing importance of Mercosur. Mercosur was founded in 1991 by Brazil, Argentina, Paraguay and Uruguay, and Chile and Bolivia have since signed free trade association agreements with it.

Mr Lampreia said the outstanding issues included Andean Pact sensitivities over a number of products, such as textiles and leather goods, and Mercosur's insistence on strong local content rules.

"We don't want trade agreements with our Latin American partners to encourage *maquiladoras* in the region," he said. Mercosur fears *maquiladoras* assembly plants in neighbouring countries could be used to gain tariff-free access to the region.

There would be a list of exceptions to free trade from both sides, and Mercosur wanted at least a 60 per cent local content rule.

Mr Lampreia, a possible contender to be the next head of the World Trade Organisation, said no substantive progress was made towards the goal of a Free Trade Agreement of the Americas (FTAA) since US President Bill Clinton's visit to Brazil last week.

However, he said Brazil confirmed that it favoured starting negotiations on the FTAA after next April's Americas summit in Santiago, and had demonstrated to the US that "Mercosur is not just a flash in the pan."

Mercosur was not just a trade grouping but had a social, political and even a military dimension, he said.

India gem polishers 'exploit children'

By Andrew Bolger, Employment Correspondent

More and more children are working for low pay, cutting and polishing precious stones in western India, according to a report published today by the International Confederation of Free Trade Unions (ICFTU).

"Diamonds, rubies and sapphires are associated with the world of the rich and glamorous," said Bill Jordan, general secretary of the ICFTU. "Multinational and local companies are making vast profits, but at best they turn a blind eye, and at worst they are happy to reap the benefits."

The report says India is the world's diamond and gemstone cutting centre, and polishes about 70 per cent of the global diamond yield. Yet the workers often receive poverty wages and work in conditions that leave them with lung disease or half-blinded.

An estimated 10 to 20 per cent of the 800,000 people in India engaged in diamond cutting and polishing are children. Trade unionists say employers prefer children since they are easier to exploit and much cheaper. Wages average just 1 per cent of the wholesale price of each diamond.

Although the gem and jewellery industry now provides 17 per cent its export earnings, India does not mine the diamonds and gemstones polished there. Its main supplier of diamonds is is the Rio Tinto-controlled Argyle mine in western Australia, followed by Central Selling Organisation, the marketing arm of De Beers, based in London. The report acknowledges that the Indian government is working to abolish child labour.

Saudis send mixed signals on investment

Energy companies' overtures rejected, writes Robert Corzine

It has been a week of mixed signals for Saudi Arabia's increasingly impatient private business sector and potential foreign investors in the kingdom.

A series of ministerial announcements have closed some avenues of potential inward investment in strategic sectors, while offering the prospect of faster progress on privatisation and economic reform. The government has also moved to defuse a row with the European Union over natural gas prices which threatened the kingdom's application to join the World Trade Organisation, one of the main planks of the country's economic modernisation programme.

On Sunday Ali Naimi, petroleum minister, rejected overtures by international energy companies to take a direct role in developing Saudi Arabia's natural gas industry, which is set for swift expansion over the next decade in response to booming domestic demand.

Officials say they gave no formal encouragement to the foreign companies, but that did not prevent Eni of Italy and Mobil of the US making detailed presentations to an energy conference in Yanbu last weekend.

Mr Naimi quickly quashed any hopes the foreign companies might have harboured. He said the downstream petrochemical industry was "completely open" to foreigners, but "at the upstream level, which is mainly [gas] exploration and production, involvement of international companies is not needed."

Questions were also raised about the way in which foreigners can take part in the power generation sector, which needs $117bn in new investment over the next 25 years. Two US engineering companies, Bechtel and Parsons, had hoped to become founding equity partners in Uco, an electricity generation company for the industrial cities of Jubail on the Gulf and Yanbu on the Red Sea. But officials made it clear that foreign equity participation in Uco would be confined, at least for now, to those international joint ventures which consumed electricity.

Officials also ruled out foreign portfolio investment in Uco on the grounds that such investors would want a high return, at odds with the government's priority to keep prices to the petrochemical industry as low as possible.

But there have been hopeful signs as well. After several years of internal squabbling ministers confirmed that domestic natural gas prices would rise in January from 50 US cents per million BTU to 75 cents per million BTU.

Senior officials say that is sufficient incentive for Saudi Aramco, the state oil group, to bring onstream the gas reserves needed for the growing number of planned petrochemical joint ventures. It should also help address European complaints that low Saudi gas prices act as a subsidy for the petrochemical industry, which has captured about 5 per cent of the world market.

'I'm afraid it may just be talk'

Ministers also signalled an impending "modest" rise in electricity tariffs that should put the sector on a commercial footing in preparation for the planned separation of generation, distribution and supply as part of reform of the industry.

There was also apparent progress on the privatisation front. Saudi businessmen at the Yanbu conference welcomed the announcement by Ibrahim Al Assaf, finance minister, of the planned sale in early 1998 of PTT, the state telecommunications system. He said progress was also being made on updating the investment code and tax laws.

But optimism was tempered by official statements that reforms would proceed "carefully and surely".

For some foreigners that was code for no change at all. "There is still no real commitment from the top for reform," said one Riyadh-based diplomat. Another doubted whether many of the older members of the Saudi ruling family believed in the merits of widespread privatisation and inward investment by foreigners.

There also appears to be confusion over what privatisation actually means in the Saudi context. Some observers fear it may mean merely "commercialisation" of companies such as PTT and the financially troubled Saudia Airlines.

"What we really need now is clear, detailed statements on the future of PTT," said one diplomat. "Until we see some conviction I'm afraid it may just be all talk."

Bulgaria's music pirates under fire

By Alice Rawsthorn

The world's record companies are considering asking the European Commission to crack down on rapidly growing music piracy in Bulgaria.

Piracy has long been regarded as one of the principal problems facing the international music industry. Bulgaria, which has relatively weak copyright legislation, has emerged as one of the world's largest sources of counterfeit compact discs.

The International Federation of the Phonographic Industry (IFPI), the London-based body which represents the world's record companies, is considering making a formal complaint to the European Commission against Bulgaria.

Nic Garnett, chief executive, said the IFPI's efforts to lobby the Bulgarian authorities had proved unsuccessful, as had its attempts to take legal action against pirates in the country.

"The response from the Bulgarian government has been totally inadequate," he added. "Our next step may be to petition the European Commission to bring a trade complaint against Bulgaria."

The increase in Bulgarian music piracy comes amid growing concern among record companies about escalating counterfeiting worldwide. Sales of pirated recordings breached $5bn for the first time last year, according to the IFPI.

Until recently, music pirates tended to concentrate on cassettes, a declining format which is significantly less profitable for record labels than compact discs. However, sales of counterfeit CDs have soared in the past year, as the cost of CD production equipment has fallen.

Bulgaria has become one of the prime sources of pirate CDs, as local manufacturers have stepped up production and exported counterfeit products throughout Europe. The IFPI suspects more than 15m pirated CDs are now manufactured there each year, representing one in eight of all those sold worldwide.

Following the federation's lobbying efforts, the Bulgarian police raided several compact disc factories this summer. Yet the anti-piracy drive faltered in July, when a court case against a suspected pirate collapsed.

By contrast, attempts to force the Chinese government to crack down on music piracy are showing signs of success. Mr Garnett said that, after a frustrating period when little progress was made, there had been "a considerable improvement in the situation" in recent months.

NEWS: THE AMERICAS

Philip Morris launches smoking machine

By Richard Tomkins in New York

Philip Morris, the biggest US cigarette maker, yesterday launched an attempt to take smoking into the 21st century with an electronic smoking system driven by nickel cadmium batteries and computer chips.

The device is intended to make smoking more socially acceptable by eliminating the smoke given off by the burning end of the cigarette, which Philip Morris says accounts for nearly 90 per cent tobacco smoke entering the environment.

The launch of the system comes as Philip Morris and other US tobacco companies are trying to win congressional approval for a deal that would end big lawsuits against cigarette makers in return for industry concessions.

But Philip Morris said its new system had been in development for years and was not connected with these efforts. Instead, it was intended to address social concerns about environmental tobacco smoke and the fire hazard of burning cigarette ends.

Philip Morris is believed to have spent $200m developing the system. It comes in two parts: a new, low-tar cigarette called Accord, and an electronic device called the Puff Activated Lighter, neither of which will work without the other.

Smokers insert the cigarette into the Puff Activated Lighter and leave it there with only the filter exposed. When they puff on the cigarette, heating elements in the lighter automatically light it, but as soon as they stop, the cigarette goes out.


Philip Morris' electronic smoking system

The smoking sensation is similar to that obtained from other low-tar cigarettes. But because the only smoke given off has been filtered by the smoker's lungs, it leaves almost no lingering odour.

The Puff Activated Lighter, made by Sanyo Electric in Japan, is about the size of an electronic pager. It is powered by a nickel cadmium battery that needs to be recharged after each pack, and has a graphic display showing the battery level and the number of puffs left in the cigarette.

The Accord cigarettes are expected to cost about the same as other brands, but the Puff Activated Lighter could cost $50 - a sum, Philip Morris says, that will be partly offset by smokers' savings on matches or disposable lighters.

Experience has shown that although smokers would like their habit to be more socially acceptable, they are highly resistant to changes in the nature of the product.

Last year RJR Nabisco's R.J. Reynolds subsidiary launched a smokeless cigarette called Eclipse in which a smouldering carbon tip heats moist tobacco to create a vapour instead of smoke. The vapour quickly evaporates after the smoker exhales it. Eclipse has shown few signs of success.

Philip Morris's system is not yet available in shops. The company said it would conduct "limited consumer acceptability" research over the next year to see if there was enough interest in the product before entering the test market phase.

The theology of ecology

By Bruce Clark in Washington

The ozone man has met the green patriarch. At any rate that was how the former, better known as Vice-President Al Gore, described his meeting yesterday with a genial, black-robed prelate from Istanbul.

In a memorable piece of cross-fertilisation between ancient ecclesiastical authority and earthly power, Patriarch Bartholomew – the senior spiritual figure of the Orthodox Church – called on Mr Gore to discuss their common passion: saving the planet from destruction.

Over a deliciously cholesterol-rich breakfast of omelette and chicken sausage in a tent on the vice-presidential lawn, Mr Gore gave thanks for the patriarch's presence at a moment when his administration's environmental policy needs all the support it can get.

Mr Gore said it was "comforting and encouraging" to have the spiritual leader in town at a time when a controversial global warming policy was being announced – to cries of "sell-out" from the greens and "economic ruin" from industrialists.

Mr Gore is feeling sensitive these days about the difficulty of preserving his green credentials at a time when US policy is making compromises. He disarmed some environmental activists recently by greeting them with the words, "Don't even start, I'll do it for you", and launching into a perfect preview of the diatribe they were about to deliver.

But if he ever has a longer talk with the patriarch, he will find some interesting points of similarity and difference. Both have analysed the ecological crisis in the light of ancient Greek philosophy and Christian theology.

Yet their conclusions are different. Mr Gore blames Plato for making too strong a distinction between matter and spirit, and believes Aristotle's thought, preserved by the Arabs, has been a healthy counter-balance. But Orthodox theologians take exactly the opposite view. They think Aristotle was the one who separated the natural from the supernatural too sharply – and hence sowed the seeds of ecological destruction in the name of progress.

Brazil telephone privatisation takes shape

By Jonathan Wheatley in São Paulo

Brazil's telecommunications minister, Sérgio Motta, yesterday revealed some details of next year's planned privatisation of the country's fixed and cellular telephone services, but postponed an announcement on restrictions on foreign participation in the sales.

Mr Motta confirmed expectations that services controlled by Telebrás, the federal holding company for the industry, would be split into 13 companies before being sold: three companies to operate fixed-wire services; one existing company, Embratel, to operate long-distance and international services; and nine companies to operate existing "A-band" cellular services, covering the same areas as competing B-band concessions currently being sold, with the exception of the state of São Paulo, which will form one A-band but two B-band areas.

Mr Motta said a statement would be made later on participation of foreign companies in consortia bidding for operating concessions. They are expected to be limited to minority shares.

The three fixed-wire concession areas were in line with analysts' expectations. The first consists of the state of São Paulo; the second of 16 states in the east and north-east of the country; and the third of nine states in the south, centre and north-west.

Mr Motta said the three fixed-wire companies would be sold simultaneously with concessions to operate competing services: operators of fixed and cellular services would not be allowed to offer long-distance or international services; and a regime of "free competition" would be introduced three to five years after the sales.

He said minority shareholders in Telebrás would receive one share in each of the 13 new companies in exchange for each Telebrás share. But analysts said it remained unclear how this would work, and what would happen to holders of Telebrás ADRs.

NEWS DIGEST

Strike plan on Colombia oil

Workers at Colombia's state oil company, Ecopetrol, are to go on strike from Monday in reaction to the government's announcement on Wednesday to modify the country's oil policy.

The president of the Unión Sindical Obrera, Hernando Hernandez, said the changes made by the government – aimed at improving conditions for foreign oil companies in an effort to stimulate oil exploration – increased the profits of oil multinationals to the detriment of Ecopetrol's finances.

Ecopetrol said company directors had an emergency plan which would guarantee production if USO tried to carry out its intentions..

The main thrust of the changes, to apply only to new contracts, consists of incentives for foreign companies to explore Colombia's inactive areas and making gas extraction more attractive. *Adam Thomson, Bogotá*

■ GINGRICH CALL

'Spend surplus on federal debt'

Newt Gingrich, US House of Representatives speaker, said yesterday Congress should spend the expected federal budget surplus on reducing the $5,500bn federal debt.

"Our first priority is to get to surplus and to keep running a surplus so you can pay down the debt," Mr Gingrich said in testimony to the House budget committee.

Currently, the Congressional Budget Office and the White House do not expect the budget to reach surplus until 2002. However, the economy has been performing well above expectations, and a survey of blue chip economists predicted recently that a surplus could be achieved earlier.

Today's hearing was the first of many the budget committee said it would hold to determine what to do with the surplus. Mr Gingrich said that if the budget continued to remain in surplus, a portion of the money should also be used to modernisE the military. He said the third priority should be on increasing infrastructure and scientific research funding. *AFX, Washington*

■ ON THE ROAD

LA still most congested city

Los Angeles has retained its status as the most congested city in the US. For the 10th year running, the metropolis stayed at the top of a league table prepared by the Texas Transportation Institute, followed by Washington DC, San Francisco, Miami and Chicago.

Reporting a 2 per cent increase in congestion across the country, the institute, part of Texas A & M University, said Angelenos each spent almost 50 hours a year stuck in traffic jams.

The national average cost of the congestion per driver, based on a median wage of $14.50 an hour, was $390 a year, with Washington DC leading the way at $860, followed by San Francisco and San Bernardino-Riverside – a sprawling LA dormitory – at $790.

The price of delay in New York, despite its efficient subway system, was an above-average $460. Corpus Christi, Texas, was rated the least jammed city, with annual driver costs of only $90.

Fastest congestion growth was reported in Salt Lake City and Columbus, Ohio. *Christopher Parkes, Los Angeles*

■ EL NINO IN BRAZIL

Floods leave 20,000 homeless

At least 20,000 people have been left homeless after heavy flooding devastated towns and cities in southern Brazil. Civil defence officials said the situation was worst in the state of Rio Grande do Sul, where the Uruguay river broke its banks and submerged the homes of about 15,000 people. "The Uruguay river has reached the centre of Itaqu, where the waters are 13 metres above normal," one civil defence official said.

In neighboring Santa Catarina state, at least 590 families were evacuated to higher land, while in the state of Parana, 8,000 people were rescued by the emergency services.

Torrential rainfall began to lash southern Brazil two weeks ago and is being blamed on the El Niño weather phenomenon. *Reuters, Brasília*

■ ZEDILLO-CLINTON MEETING

Trade and drugs on agenda

President Ernesto Zedillo of Mexico will meet US President Bill Clinton on November 14, the White House announced yesterday. They will discuss several issues, including trade and narcotics trafficking. Mr Clinton faces stiff opposition, mostly from other Democrats, to his push for free trade in Mexico and Latin America.

During his visit to Mexico in May, Mr Clinton and Mr Zedillo presided over modest agreements on immigration and drugs that reduced tensions between the two governments. Their November meeting will follow up the May discussions, the White House said. *AP, Washington*

Nigeria still dogs Commonwealth

The pariah regime will trouble today's summit just as it did two years ago

If handling one special relationship can prove hazardous, as the Queen's recent visit to India demonstrated so vividly, the prospect of dealing simultaneously with more than 50 such partners might seem a diplomatic minefield.

So when the biennial Commonwealth summit opens in Edinburgh today, bringing together leaders who share the same historical link with Britain that proved so sensitive in Delhi, the odd row seems almost inevitable.

Will India's prime minister have overcome his irritation with Britain's well-intentioned offer of help to resolve the dispute with Pakistan over Kashmir?

Will Robert Mugabe, the Zimbabwe president, press ahead with his demand that Britain foot the bill for his threatened appropriation of his country's white-owned farms?

Will Malaysia's notoriously prickly relationship with its former colonial ruler produce harsh words?

Above all, how will the Commonwealth respond to Nigeria's expected pull-out from the Commonwealth today, a move which will grab the headlines, just as the regime did at the last summit in Auckland in 1995 with the execution of Ken Saro-wiwa and eight other civil rights activists.

If Tony Blair, the British prime minister and Chief Emeka Anyaoku, the urbane Commonwealth secretary-general, have their way, family rows will not be allowed to overshadow the main theme of the four-day gathering.

At the top of the agenda is the Commonwealth's need to boost trade and investment in a group that accounts for a fifth of world trade and includes a dozen of the world's fastest growing economies.

Other subjects for debate include further liberalisation of world trade, duty-free access for goods from least developed nations, encouraging investment, child labour, money laundering and global warming.

"I hope the Edinburgh declaration will be an economic declaration to match the Harare declaration on democratic rights six years ago," said Mr Blair at the Commonwealth business forum in London this week.

Given the record since Harare, it may prove an invidious comparison.

It was in Harare in 1991 that Commonwealth leaders reaffirmed their commitment to human rights, the rule of law, and multi-party democracy.

Success in implementing these principles, says Chief Anyaoku, can be measured by that fact that at the start of the decade there were nine military regimes in the Commonwealth. Today there are only two - Nigeria and Sierra Leone.

The assessment however is not so clear cut as it might seem, for several of the ostensibly democratic governments represented in Edinburgh fall short of the Harare principles.

Says Dr Marina Ottaway, a Washington-based academic: "African leaders are ... becoming adept at holding elections that are just open enough not to incur sanctions by the international community."

But it is Nigeria that is the test case of the Commonwealth's commitment to the Harare declaration. Even if Nigeria does pre-empt Commonwealth action by withdrawing, the Commonwealth record will still come under critical scrutiny.

In the heat of the outrage at Auckland that followed the executions, General Sani Abacha's military regime was immediately suspended.

Commonwealth leaders made clear that unless Nigeria complied with the Harare declaration within two years it would be expelled.

And although the Nigerian regime said it intended to return to civilian rule, with presidential elections by October 1998, this was rejected as too short.

In the intervening two years the regime's human rights record has not improved. But as Edinburgh drew closer, Commonwealth governments appeared to have been having second thoughts.

They backed away from their commitment to expel Nigeria, and had been likely to announce that enforcement by all Commonwealth members of a modest sanctions package – a ban on visas, an arms embargo and an end to sporting links would have been held back pending the outcome of the 1998 elections.

But Commonwealth leaders have a further problem.

Nigeria leads a West African peacekeeping force which is attempting to restore president Ahmed Tejan Kabbah of Sierra Leone, a Commonweath state, overthrown by a military junta last May.

The Commonwealth – as well as the United Nations – is now in the incongruous position, endorsing Nigeria's role in Sierra Leone, while threatening sanctions against the Nigerian regime.

To many observers, it seems that there is one rule for a heavyweight like Nigeria, with a population of 100m, a 77,000 strong army and oil exports of more than 1.3 million barrels a day, generating lucrative contracts for European suppliers. And there is another rule for a lightweight like Sierra Leone, with little over 4m people and no strategic significance or commercial clout.

"It smacks", says one Nigerian opposition figure, "of double standards" – a charge Commonwealth leaders will have to answer, even if Nigeria is no longer in its ranks.

Michael Holman and David Buchan

Stage set for haggling over climate

By Leyla Boulton, Environment Correspondent

President Bill Clinton was following a carefully scripted production when he unveiled his middle-of-the-road proposals for tackling climate change this week. Despite the fury they provoked, he achieved one important result.

He cleared the stage for serious haggling needed to produce a climate change treaty for ministers to sign in Kyoto, Japan, in December. His proposals for a stabilisation of greenhouse gas emissions by 2010 steered between two sets of critics who responded on cue.

The Big Three carmakers in Detroit claimed Mr Clinton's target was so tough it would catapult the world into recession.

At the other end of the spectrum, Greenpeace, the environmental pressure group, warned that such "weak" proposals would plunge small island states under the ocean. Developing countries and the European Union expressed disappointment that it fell so short of an EU call for a 15 per cent reduction by 2010.

But as Angela Merkel, environment minister of Germany, which is hosting preparatory talks in Bonn, put it: "It is a useful step to see that the world's largest producer of greenhouse gas emissions has now finally put its negotiating position on the table."

The US proposals are also much closer to what most industrialised countries are likely to agree at Kyoto, as reflected in a very similar Japanese draft proposal.

This was even acknowledged by some of the delegates from developing countries that are not required to agree any emission cuts at Kyoto.

Bakary Kante, a delegate from Senegal in Bonn, told Reuters news agency that despite African countries' support for the EU position, the centre of gravity in the negotiations was "close to the Japanese position".

And because the US is starting from emission levels that are already at least 10 per cent above 1990 levels, President Clinton's target represents a similar level of effort for EU nations such as Britain, which is already 4 per cent below 1990 levels.

As Mr Clinton himself pointed out, Kyoto will only be the first step in a long process. Tom Burke, an adviser to companies and governments on environmental issues, said the priority at Kyoto should be to prevent the process from falling apart.

Also not obvious from the fury of President Clinton's critics is the fact that whatever the world does, the discussion is less about whether climate change will happen or not but about mitigating its impact.

Sir John Houghton, head of scientific assessment on the Inter-governmental Panel on Climate Change, said that that some climate change was probably inevitable because it was not practical to bring greenhouse gas emissions back to pre-industrialisation levels.

But doing nothing could mean temperatures rising by 3 to 4 degrees centigrade over the next century rather than half that if efforts are made to stabilise emissions

An early start is required for two reasons: greenhouse gases emitted now will have a lasting effect because the most important of them, carbon dioxide, will stay in the atmosphere for at least 100 years. Society will also need as much lead time as possible to begin curbing emissions through a mixture of technology and habit changes.

Abu Dhabi shortlists contenders for power project

By Robin Allen

Abu Dhabi, the richest of the seven states comprising the United Arab Emirates (UAE), has short-listed eight international *consortia* to bid for the work of expanding the Taweelah power station, the Emirates' first utility privatisation scheme.

Known as Taweelah A2 the expansion will cost $700m. Bids are sought on a build-own-operate basis.

The eight bidders are Bechtel/Intergen of the US; CalEnergy; CMS, also of the US; Enron, in a joint venture with the UK's Weir Westgarth, which holds the patent for the frequently multi-stage/desalination system; Houston Energy; Japan's *Marubeni Corporation*, with France's Generale des Eaux, and Sithe, the power development arm of Marubeni and Generale des Eaux; the UK's National Power, with ABB; and Belgium's Tractebel with France's Total.

Taweelah A2 will add about 580MW and 50m gallons a day of desalinated water to the Emirates' power and water supplies from Taweelah A1 and Taweelah B. These total 1,000MW of power and 104m gallons a day of desalinated water.

Taweelah A2 is to be completed by April 2001.

Between 60 per cent and 70 per cent of the construction cost is expected to come from debt financing, with the balance from equity. The Abu Dhabi government will hold 60 per cent. The winning consortium will hold the balance and operate the plant. It is understood the government intends later to offer some of its majority shareholding to the public.

The Taweelah complex, north of Abu Dhabi city, is the cornerstone of the Emirates' massive power expansion plan. Natural gas for power generation will come from Abu Dhabi's extensive offshore reserves.

An Algerian woman casts her vote in the country's first local election in seven years. Overall turnout was low Reuters

Turnout low in Algerian poll

By Roula Khalaf in Algiers

Algiers residents showed little enthusiasm yesterday for the country's local elections, and many expressed disillusionment with the political process and the elections' ability to end an almost six-year cycle of violence.

More people voted outside the capital, as political parties had expected, with the average turnout for the country officially put at 37.4 per cent at 3pm, compared to an official 19.5 per cent for Algiers.

The elections for 1,500 local councils and 48 provincial authorities are the fourth to be held by the army-backed government since the 1991 cancellation of legislative elections that the Islamic Salvation Front (FIS) was poised to win. In the last local elections, in 1990, the FIS won a majority of the vote.

Yesterday the new pro-government National Democratic Rally (RND) was set to win the poll, after gaining 40 per cent of the vote in the June legislative elections. The legal opposition parties yesterday were already complaining of irregularities during the vote. Complaints ranged from physical aggression towards a candidate by security forces to party observers being prevented from inspecting ballot boxes before the vote started.

The government hopes these elections will consolidate its legitimacy. It had been hoping for a high turnout.

The few who did vote yesterday said they realised that previous elections had failed to bring an end to the violence but they still had some hope left. "I'm voting so democracy might one day be born and peace achieved," said one voter. "It is not here yet and elections are often rigged but some day it will be born."

On the streets of Algiers some said they were staying away from the polls because the FIS was banned, and they were heeding its calls for a boycott.

Market in move to halt breakdown

By Jane Martinson, Investment Correspondent

The London Stock Exchange moved to prevent the breakdown of the new order-driven market yesterday by raising the threshold for suspensions in a frenetic market.

Most of the 11 companies automatically suspended for 10 minutes yesterday were cut off in the first half an hour of trading, causing considerable irritation to traders. The highest number of suspensions this week was four on Monday, the first day of the new electronic order-driven system.

The extreme volatility prompted the exchange authorities to decree that only movements of more than 15 per cent would spark a suspension after 9am. The usual limit, which will be reapplied today, is 10 per cent.

Traders welcomed the move, which allowed some order to return to a market hit by turmoil in south-east Asia and continuing uncertainty over the UK's position on a European single currency.

Martin Wheatley, the head of markets development at the exchange, said: "We increased the threshold to make the market more orderly." He said he was comfortable with the success of the new system in very difficult conditions.

However, several dealers believed that the new electronic order-driven system had helped increase pressure on prices and added to volatility. Institutional investors are still wary of the new system so the order books have relatively few orders on either side.

Howard Stainsby, the director of equities dealing at Henderson Investors, a medium-sized UK fund manager, said: "The lack of depth in the order books has certainly exacerbated volatility in the FTSE-100."

One fund manager added that the lack of depth meant that several stocks opened without a buy and sell price, adding to confusion.

After a sharp fall yesterday morning the FTSE-100 closed down 157 points at 4991.5. Almost 38 per cent of the market was traded on the order book, less than in the past few days in a more active market.

The spreads between the buying and selling prices continued to be wider than anticipated. The average spread was 0.77 per cent, slightly higher than under the old system. Most bankers and fund managers appeared to believe it was too early to criticise the new system.

"It hasn't failed the test yet," said Keith Martin, the head of UK equity market making at UBS, one of the largest dealing houses.

He added that order-driven markets were typically more volatile.

Liverpool dockers await the results of the secret ballot. The company has said it will keep its offer open until Monday PA

Two-year strike to carry on

Liverpool dockers reject offer of payments after secret ballot

By Sheila Jones and Andrew Bolger

Dockers from the north-west port city of Liverpool yesterday vowed to continue their two-year-long strike after a secret ballot in which they rejected a settlement offer from the Mersey Docks and Harbour Company. The dockers voted by 213 to 97 against accepting redundancy payments of £28,000 ($45,360) each and an offer of jobs for 40 of the 329 strikers. The MDHC yesterday extended until 5pm on Monday the threat to withdraw its "final" offer. The men had earlier rejected the offer at a mass meeting.

The docks company, which is part-owned by the government, is writing to all the strikers over the weekend offering them "a last chance" to accept the terms individually.

Peter Jones, MDHC port operations director, said: "We think most of the 97 workers who accepted the offer in the ballot will now want to remove themselves from what has become a hopeless situation." The company expected a substantial number to accept the terms.

The workers were sacked by the MDHC two years ago after they refused to cross a picket line of dock workers involved in a separate dispute. Those workers, about 100, were not involved in this week's ballot and are also still out on strike.

Bill Morris, general secretary of the TGWU transport union, which represents the strikers, said yesterday he regretted that it had not been possible to reach a negotiated settlement.

The TGWU will now walk away from the dispute, although there are no immediate plans to eject the strikers from the union offices they have been using. There has been bitterness between local and national union officers over the strike, which has not been overtly supported by the TGWU because it is illegal to back an unofficial dispute.

The strikers have won support among trades unionists inside and outside the UK, although the unofficial nature of the dispute will continue to limit the amount of support they can gain internationally.

Mike Cordon, a shop steward in Liverpool, said yesterday that the dockers had no choice but to continue with the strike, now entering its third year.

The dispute has cost the Mersey Docks company £4.8m, altogether, although

Protestants in N Ireland show signs of division

By John Murray Brown in Dublin

Northern Ireland's Combined Loyalist Military Command – the umbrella group which called the 'loyalist' ceasefire in 1994 – was formally disbanded yesterday in a new sign of disunity in Protestant ranks.

As David Trimble – leader of the Ulster Unionist party, the biggest pro-British party ion the region – prepares to address its annual conference tomorrow, security officials and loyalist politicians predicted the collapse of the CLMC would not immediately jeopardise the loyalist ceasefire.

But the announcement points to the growing split between the main loyalist political parties over tactics towards the multiparty peace talks. The Progressive Unionists, linked with the paramilitary Ulster Volunteer Force, remain solidly behind the UUP's decision to enter negotiations involving Sinn Féin – the political wing of the Irish Republican Army – while the Democratic Ulster party, hardline opponents of a united Ireland who speak for the Ulster Freedom Fighters, is increasingly sceptical.

The announcement comes as senior unionists voice disquiet at the prospect that next Irish Republic's presidential election will be won by Mary McAleese. A Belfast academic and strong Irish nationalist, Mrs McAleese is accused of "pushing a Sinn Féin agenda", according to leaked Irish foreign ministry documents. She has denied the allegations.

Nonetheless news of further leaks of secret Anglo-Irish negotiations has set back the modest thaw in relations between Dublin and the unionists, made possible by the start of the talks.

On Wednesday in the House of Lords, Lord Molyneaux, Mr Trimble's predecessor as UUP leader, claimed that "at least four of the files have been passed direct to the IRA Army Council". Irish officials reacted angrily yesterday, with David Andrews, the foreign minister, describing the allegations as "unwarranted, unfounded and outrageous".

But with Mr Andrews' warning that "lives could be put at risk" as a result of the leaks, senior aides to Mr Trimble say there is mounting concern over the exact content of the documents.

With the UUP under rank and file pressure to shun the advances of the Irish government, the party yesterday confirmed it was joining the DUP in boycotting last night's *Question Time* on BBC TV – in which an audience questions politicians and business leaders.

As nationalists and government officials debate the issues with David Dimbleby, the UUP will have one eye on the Rev Ian Paisley, the DUP leader, who is due to address an anti-talks rally in the loyalist stronghold of Portadown.

Pledge to support banana producers

By Richard Wolffe in London

The British government yesterday pledged to use its presidency of the European Union next year to support Caribbean banana producers in the bitter trade row with their Latin American rivals.

Jack Cunningham, agriculture minister, said the UK wanted to help negotiate new European rules on banana imports which would "meet our historic obligations" to the Caribbean.

Mr Cunningham said he had already won a positive response in informal discussions with Franz Fischler, EU agriculture commissioner.

The EU last month agreed to accept a ruling by the World Trade Organisation, which said its complex licensing system discriminated unfairly against US and Latin American producers. However, Brussels has yet to say how or when it will comply with the WTO ruling.

Mr Cunningham was speaking at the opening of a new £6m banana ripening centre for Geest Bananas in Coventry, in the English Midlands. He told an audience of Caribbean politicians and banana producers – including the prime ministers of St Vincent, Grenada, Dominica and St Lucia – that he wanted to see a prompt resolution of the trade row.

Geest Bananas is the UK's biggest banana supplier.

Ministers reject statutory human rights body

By John Kampfner, Chief Political Correspondent

Ministers have decided against creating an independent human rights commission with statutory powers but will instead ask senior parliamentarians to ensure future legislation does not violate human rights.

The proposal will form part of a white paper to be published today by Jack Straw, home secretary, which will pave the way for the government to incorporate the European convention on human rights into UK law.

Senior officials described the document, which has been subject of considerable debate in Whitehall, as "more radical than many would have envisaged".

It marks a significant step towards Labour's fulfilment of its manifesto promise of constitutional reform.

In a move to allay concerns by civil liberties activists, the white paper will make it a duty of ministers when bringing forward any future bill to explain how it conforms to the European convention.

A bill would be analysed by a joint committee of MPs and peers, who would also be given a remit to oversee human rights observance in general. However, the reluctance to create the independent body, which would have involved merging the Commission for Racial Equality, Equal Opportunities Commission, and other bodies into a single organisation, may disappoint campaigners.

Under the former Conservative government, which refused to incorporate the 50-year-old convention, British citizens were obliged to take their cases directly to the European court of human rights in Strasbourg – often a long and costly process for which no legal aid is available.

By finally incorporating the convention, and bringing Britain into line with the rest of the European Union, the government plans to give UK citizens the right to seek redress and compensation through the domestic courts.

All levels of UK judiciary, from magistrates upwards, will be obliged to consider the convention in their judgments. Citizens will be able to seek redress in the High Court, whose powers will correspond to those of Strasbourg.

If a law is deemed in violation of the convention, the government will be obliged to amend it. However, that law will continue to apply until the amended legislation is passed by parliament.

While the European court would continue to be the final arbiter, the government hopes that it will be better guided in future by seeing how British courts apply the convention.

Ministers believe incorporating the European convention will allow judges to build up a body of case law.

Deal with operator to boost rail route upgrade

By Charles Batchelor and Charis Gresser

Virgin Rail and Railtrack, the privatised track, signalling and stations authority, are putting the finishing touches to a deal which will lead to an additional £500m upgrade of the west coast main line allowing trains to run at up to 140mph.

Instead of earning a return on its investment by charging Virgin, a private train operator, more to run its trains over the line regardless of passenger numbers, Railtrack will take a share in Virgin's ticket revenues.

This is intended to provide a strong incentive for Railtrack to complete the work on time.

The line, which was electrified in the 1960s and 1970s, is already due to undergo a £1.5bn upgrade which will allow trains to run at 125mph. However, Virgin is keen to run tilting trains on the route between London and Glasgow at speeds of up to 140mph.

Virgin has been criticised for the quality of services on the route and is understood to have put pressure on Railtrack to come to an early agreement to make improvements.

Improvements allowing speeds to rise from the present maximum of 110mph to 125mph are due to be completed by 2002 with a further increase to 140mph by 2005. The new deal, which is expected to be announced within the next few days, is also expected to include arrangements for increasing the capacity on the line.

Freight operators in particular have complained that the original plans for expanding passenger services on the line meant that there would be no room for freight trains.

Improvements to signalling systems, realignments to track, and design changes to bottlenecks on the route, would all allow increased capacity.

Trains running at 140mph will reduce the journey time between London and Birmingham to about one hour from one hour 40 minutes at present. The London to Manchester journey time will fall from two hours 30 minutes to less than two hours, while London to Glasgow would fall from about five hours 30 minutes to about four hours.

Energy minister surprises generation industry by responding to criticisms of system

Electricity price-setting probe ordered

By Kenneth Gooding and David Wighton

The government yesterday surprised the electricity generation industry by ordering a full review of the way wholesale electricity prices are set in England and Wales.

John Battle, minister for science, energy and industry, said he was responding to criticisms that the present system set prices that were too high and were not sufficiently transparent.

His comments caused a further slump in the prices of some power generators' shares that were already falling because of the generally weak market conditions. National Power suffered the biggest drop of any FTSE 100 share and was down by 9 per cent to 488p. British Energy shares fell by nearly 9 per cent to 370p and PowerGen's lost 7 per cent to 678p.

"It is very difficult to say what will be involved in the review," said one analyst, "but the minister's comments suggest he wants to get prices down, and probably wants to eliminate price volatility too."

Mr Battle said: "We need the sort of system in which everyone can have total confidence, particularly when electricity demand is at a peak. We need prices set in a way which is transparent, is consistent, provides broadly predictable prices and is responsive and accountable to those affected by it."

Stephen Littlechild, director-general of Electricity Supply, who has been asked to set out a framework for the review, said it would need to look at changes to the system, or replace it with a new arrangement.

The inquiry will look at how the Electricity Pool – a trading arrangement by which public electricity suppliers and large industrial users buy electricity from generators – operates.

Electricity consumers welcomed the move. Bob Spears, electricity technical director at the Utility Buyers' Forum, which represent business buyers, said: "It is vindication of the arguments put by consumer groups." But he urged that the review should not be rushed.

David Porter, chief executive of the Association of Power Producers, whose members run the UK's power stations, promised support for the review. He said: "But I hope that the terms of reference will call for clear objectives against which the market's performance can be measured. Only then shall we be able to see whether any changes are needed."

At Westminster, Mr Battle's move was seen as an attempt to respond to the plight of the coal industry. He is under pressure from Labour backbenchers to help struggling mining companies.

The review was welcomed by coal producers which argue that the the pool disadvantages coal.

See Lex

Soccer stadiums find life beyond the final whistle

Venues now come complete with conference centres, writes **Simon Inglis**

The BBC's *Antiques Roadshow* – in which the public bring out relics from their attics to be examined by experts – will shortly be broadcast from the unlikely venue of one of the UK's most futuristic buildings, the new £35m ($56m) Reebok Stadium, home of Bolton Wanderers soccer club.

The programme will have at its disposal a 3,150 sq m purpose-built exhibition hall underneath one of the stands, together with facilities that rival anything the north of England can offer, including easy motorway access and 4,000 parking spaces.

An on-site railway station and adjoining hotel are to be added over the next two years.

Meanwhile, in the English midlands, the conference trade at Leicester City's Filbert Street ground, now marketed as the City Business Stadium, remains brisk, as it does at Aston Villa's recently opened £2.7m conference and banqueting suite.

Ten years ago most soccer clubs knew they could no longer survive on 20 to 25 home matches a season, but lacked both the expertise to diversify and the confidence of would-be lenders. Hemmed in by surrounding streets, most also lacked the space.

Burnden Park, Bolton's former stadium, occupied 3.2 hectares. The Reebok Stadium enjoys 16.8.

Elsewhere, rather than move, teams such as Liverpool and Blackburn have swallowed up parcels of neighbouring land, including entire streets.

The driving force was the fact that one seat takes up the same room as two standing places on the former terraces, on which soccer fans traditionally stood before thé introduction of rules compelling clubs to introduce seating. Bigger and taller stadiums were inevitable. Small wonder that the Federation of Stadium Communities, set up to protect the interests of beleaguered residents living close to expanding stadiums, calls its newsletter The Shadow.

The most intense development at present is to be found at Chelsea, where boundaries can barely be extended at all. With just 4.8 hectares at its disposal, the west London club is turning the once decaying hulk of Stamford Bridge, where capacity was once 83,000, into a 43,000-seat stadium.

Adjoining this, the nearly completed Chelsea Village complex incorporates a hotel, underground car park, offices, and restaurants.

How quickly attitudes have changed. After the 1990 Taylor Report that followed the Hillsborough tragedy – when more than 90 Liverpool supporters died in a crush at an FA Cup semi-final – many observers predicted an exodus of clubs from their traditional inner city locations to out-of-town sites, as happened in north America in the 1960s and 1970s.

Yet Bolton's move to Horwich, a mere 8km from its former home, is still the furthest any British club has yet dared to venture.

Every other significant relocation since 1990 has seen a new stadium arise on industrial wasteland, or "brownfield" site, within a kilometre or so of the original ground.

The trend seems set to continue as local authorities wake up to the role stadiums can play as catalysts for economic regeneration.

According to Building magazine, construction experts believe that, buoyed by forthcoming flotations and a likely tripling of television revenues for the top clubs, the football stadium market – on which more than £600m has already been spent since 1990 – could be worth more than £1bn during the next five years.

This year alone has seen three other stadiums opening, at Derby and Stoke in the English midlands and Sunderland in the north-east.

Over the next five years they will be joined by a new Welsh National Stadium in Cardiff, a rebuilt Wembley in London, the Commonwealth Games stadium in Manchester, and as many as 21 club venues.

It may well be those clubs that keep their doors open profitably 365 days a year that will thrive and that the inner city will remain football's home.

The writer is the author of The Football Grounds of Britain

Bolton's $56m stadium complete with exhibition hall

UK NEWS DIGEST

Pressure over Emu terms

UK efforts to join economic and monetary union could face further political obstacles, amid mounting political pressure from Germany that future Emu participants join the exchange-rate mechanism. Klaus Regling, director-general of the German finance ministry, said yesterday: "We see ERM membership as a pre-condition for Emu membership." It is a view that is also firmly endorsed by the Bundesbank.

Speaking at a conference in London, Mr Regling argued that it would not be sufficient for prospective member countries to observe a period of exchange rate stability. In particular, he emphasised the need for future Emu participants to take part in the institutional arrangements for Emu. UK officials have been trying to play down the ERM problem, which greatly complicates the political debate about Emu in the UK. The government is keen to avoid a repeat of events that led to sterling's humiliating exit from the ERM in 1992. *Wolfgang Münchau*

Philip Stephens, Editorial Page

■ HEALTH

Doctors urge closure of hospitals

The government should close about half of acute hospitals and invest up to £5bn ($8.1bn) in the remainder to improve their ability to serve a wider community, according to research from the British Medical Association, which represents doctors. Concentrating acute services on a smaller number of larger sites – without cutting the present number of beds – would increase efficiency, reduce variations in medical practice and improve the treatment of patients, a study claims. James Johnson, chairman of the BMA's central consultants and specialists committee, recognised it would be "politically courageous" for the government to support this move. *Simon Buckby*

■ TRADE UNIONS

Pensions role to be encouraged

Trade unions are to be encouraged to develop new functions to help provide lifelong learning and second-tier pensions for their members. The Trades Union Congress disclosed the plans yesterday. Mr John Monks, the organisation's general secretary, said the TUC had to take on new responsibilities as a way of attracting employees into trade unions in what will be an increasingly insecure labour market over the next 10 years. *Robert Taylor*

■ HOME FINANCE

Mutuals winning mortgage battle

Building societies – mutually owned savings and loans institutions – are winning the battle with banks for mortgage business, even though the sector is much smaller in home lending after recent conversions. Net mortgage lending by building societies last month was £907m ($1,469m) – 50 per cent more than the £609m the banks achieved. This is despite the fact that banks now include three big former societies – Halifax, Woolwich and Alliance & Leicester – lifting banks' share of outstanding mortgage stock to about two-thirds. Societies now have just 25 per cent of the stock, against 54 per cent a year ago before the conversions. *Christopher Brown-Humes*

CONTRACTS & TENDERS

ANNOUNCEMENT OF AUCTION

Russian Federal Property Fund (RFPF), Property Fund of Saint Petersburg
and
Federal Stock Corporation (FSC)
announce a specialized auction for the sale of shares in
Open joint-stock energy company Lenenergo
(auction № 8059)

Company information

1. Legal address: 191065, 1, Marsovo polye str., Saint Petersburg, Russian Federation.
2. Lenenergo (the "Company") was registered by decision of St. Petersburg Registration Chamber N 2518 on January 22, 1993.
3. Major business activities: production, transmission and distribution of electric and thermal energy; providing uninterrupted supply of consumers: technical re-equipment, reconstruction of regional energy system; foreign trade activities.
4. Principal assets: 36 detached structural divisions including 11 thermal plants (as of December 31, 1996 - 4698.5 mW installed capacity), 4 hydro plants (638.5 mW) and 10 enterprises of electrical networks. The extent of aireal transmission lines which are listed on the Lenenergo balance sheet totals 35,902 kilometers.
5. The ground area on which the real estate is located: 5169.5 hectares.
6. Number of employees as of July 1, 1997: 18 582
7. State registration of share issues:
   - first issue 72-1p-191 from February 1, 1993, registered by the Financial Committee Mayor of St. Petersburg
   - second issue 72-1-2367 from November 29, 1995, registered by the Economics and Finances Committee of St. Petersburg
8. Authorized capital: 897 363 008 thousand rubles.
9. Share nominal value: **1 000 rubles.**
10. Book value of fixed capital assets as of January 1, 1992: 2 356 708 thousand rbl.
11. Total Company liabilities as of July 1, 1997 total 72820 million rubles, including to the:
    federal budget: 39718.8 mn. rbl.,
    St. Petersburg budget: 7475.7 mn. rbl.,
    Leningrad region budget: 1369.6 mn. rbl.,
    non-budget funds: 24255.9 mn. rbl.
12. Registrar: Edinyi Registrator, 191186, Russian Federation, St. Petersburg, ul. Comsomola str., 41. Phone: (+7-812) 219-9152, 219-9183.
13. Balance sheet as of July 1, 1997:

Items	TOTAL (mn. rbl.)
Assets	
Fixed assets	10602074
Current assets	4335765
Losses	260275
Balance	15198114

Liabilities	
Capital and reserves	10657083
Long-term liabilities	2055
Short-term liabilities	4538976
Balance	15198114

The terms of sale

Seller of the block of shares: Russian Federal Property Fund.

A block of **152 324 368 shares** (**16.97%** of the authorized capital) are put up for the auction.

Initial price for the share: **5 000 rubles.**

The Charter does not provide for any restrictions on the purchase of shares by non-residents of the Russian Federation. There are no restrictions on resale of the shares.

Bids are accepted at the bid reception offices from October 8 through November 28, 1997. The results of the auction will be summed up no later than **December 26, 1997.**

For more information on the terms of the auction and company data please contact Federal Stock Corporation. Contact telephones of the FSC: (+7-095) 132-6926, 236-6453. Fax: (+7-095) 132-6970, 132-6843.

Information on the auction for the sale of shares in Eastern Oil Company (VNK) and Tyumen Oil Company (TNK) was published in the previous issues.

The advent of the internet has changed the face of electronic commerce forever, reports **David Bowen**

An award in the net

Best foot forward: Manchester United playing in last year's Carling Premiership

Anton Want/Allsport

The Electronic Commerce Awards have been running for five years. Their aim, when set up, was to laud those companies that had done splendid things in the world of electronic data interchange.

EDI is a system of standards that allows companies in a supply chain to send each other invoices, orders and the like in an orderly electronic format. Important, certainly, but hardly glamorous.

On Wednesday the latest Electronic Commerce Awards were announced. They are sponsored by BT and others and I, as editor of a newsletter about commercial use of the internet, was one of the judges. Out of the 10 companies given awards or commendations only one, Print EDI, was a traditional Electronic Data Interchange application. And the Inland Revenue won an award for its efforts in automating the lodgement of tax returns.

But the other eight winners all had an internet element – and precious little to do with traditional electronic commerce. Confusing for the old guard perhaps, but delightful for the newly centre-stage Electronic Commerce Association. Roger Till, its chief executive, is happy to define his field broadly as "doing business electronically over the extended enterprise".

Even so, it was quite a surprise to find we had given the top prize to Carling Opta, a company that makes up football statistics as a brand-building exercise. I do not say this disparagingly: what the Opta consulting group did was to realise that there is a vast appetite among sports fans for statistics, but that football does not generate numbers in the way that, for example, cricket does.

In five weeks last summer, it managed to persuade the Premier League, Bass Carling, BSkyB and others to support it, and got former assistant England coach Don Howe to invent a way of ranking players' performances. He reckoned there were 80 ways to touch a football, each of which could be given a plus or minus score. Someone who let in five goals and was sent off might get minus 200, while Paul Gascoigne topped plus 2,000 in the England-Moldova match.

Opta's staff now spend 10 hours analysing a tape of each Premier League game, and the company has built up a nicely controversial ranking of players – as well as a new world standard. Its index will be used by BSkyB, on the giant CarlingNet web site *(www.fa-carling.com)* and in many publications. Opta is achieving its aim of publicising its brand, and is even making money doing so. But is it electronic commerce? Who knows?

Two other prize winners underline the new breadth of the electronic commerce church, and also the power of the internet when combined with a little imagination. Global RP, part of Styles Rapid Prototyping's southern operation in Andover, Hampshire, is using the world wide web as a "marriage bureau" for rapid prototyping – the technology that allows a computer aided design (CAD) file to be transformed swiftly into a plastic prototype on a stereolithography machine.

Because these machines are expensive, any time they are idle increases their cost sharply. Global RP was set up to feed them with work.

Companies that want prototypes of components built can send a three-dimensional CAD file to Global RP, which displays a deliberately vague version of it on its web site. If any of the 35 rapid prototypers (mostly in the US and Asia) who have signed up to the scheme have spare capacity, they check in to the site and choose a job they would like to do. Global RP sets the price, which is about half the commercial level and will therefore appeal only to companies with slack. It then sends the full CAD file to the prototyper, which builds the part and couriers it back.

The system deliberately offers a second class service: it is slower than full price rapid prototyping and would not be used for commercially sensitive components. But as a concept it is brilliant – the internet must have other applications as a device for matching supply and demand.

AEA Technology's Authosign system is quite different again. Many companies have quality or safety control procedures that require physical signing off. But what happens when the person doing the signing is remote from the person who needs to check it? In the RAF, for example, maintenance workers have to sign a document saying they have completed a particular job; the document is produced electronically, but because it needs a signature it has to be sent by post or courier for clearance.

AEA Technology, which emerged from the Atomic Energy Authority, has invented a system that allows a worker to sign a document using an inkless pen on a "digital tablet". The computer checks this against a stored specimen signature, testing not only the shape but also the speed at which it is written. The signature file is then bound electronically to the document file, which is "locked" against tampering, and the two are sent by e-mail. The result is that a process that could have taken several days is completed in minutes.

The other award winners tell the same story of diversity: Elizabeth Botham, a Whitby baker that sends cakes around the world; Comic Relief, which raised money on its web site; Thomas Miller, an insurance company that stores vast quantities of documents that can be viewed by e-mail; and ADHunter, which puts classified ads on the web on behalf of a number of regional press companies, and won two awards.

EDI, in the traditional sense, it ain't; electronic commerce, in its new all-embracing form, it is.

Case studies of award winners and finalists are available at www.abfl.co.uk. David Bowen is editor of Net Profit, a non-technical newsletter about commercial use of the internet. 0181 516 4630; www.net-profit.co.uk

Screen-eyed and bushy-tailed

Microsoft's virtual neighbourhood gets another six months, reports **Tom Lynch**

Out in Cyber Street, the squirrels are at play, scampering up trees and ripping rubbish sacks to bits. Inside, the guinea pigs will be scurrying round their maze for another six months.

Twenty-four houses in our north London street have been supplied with computers, software and endless expertise by Microsoft for a six-month market research project which should be ending about now. The 58 human guinea pigs hooked up to the internet have now been told the project will go on into the spring.

Cyber Street was set up to find out what people actually do when they have the tools to play with the information superhighway, and whether an electronic community would form. Apparently our little backwater in Islington is telling Microsoft some things that will come in handy in what some see as its drive for global domination.

There was surprise in some quarters that the experiment had been extended. After a great flurry of activity in the beginning, the electronic community has been leading a quiet life. But it appears that the company wants to see more of our logbooks of internet and software use – monthly in theory, though the practice is a lot more fitful.

The jury is still out on whether electronic communities do develop: that street party never did happen, but a lot more people know each other than was the case before. The guinea-pig watchers know that that aspect of the experiment is distorted simply because it is an experiment – unlike real, furry, squeaky guinea pigs, humans know they're being observed and act accordingly.

For the companies which hope to dominate access to the internet, the creation of virtual communities is a secondary consideration: it could be a useful source of revenue eventually, as people with common interests get their internet providers to set up special services for them.

The focus of interest is what people want from the internet, for which the expression information superhighway isn't really appropriate: it's more like a massive rabbit warren where a search for anything useful can take a long time and end up in a pile of rabbit droppings.

The companies that succeed will do so by helping people to avoid blind alleys and get to the information they need.

Judy Gibbons, Microsoft UK director, says the company is still trying to work out exactly what it is learning from Cyber Street in terms of marketing. People are using their PCs and the internet in diverse ways – from playing games to running businesses.

The jury is still out on whether electronic communities do develop

The experiment has eased her concern that British people can be "disdainful" of technology and try to ignore it or pretend it isn't important. For Microsoft, the aim is to work out "how to make the technology relevant and to provide value – entertaining, distracting, communicating, referencing".

Once they work out what people want out of all the information on the internet and the specific "channels" Microsoft delivers to its own subscribers, the ultimate aim is to "deliver to the user as if it was his or her own customised channel".

A small start has been made: we can now input friends' e-mail addresses, and be alerted if they are on-line at the same time. The providers next want to package information they know is relevant to us: Ms Gibbons gives as an example that, if one of the things Microsoft knows about you is that you have family in Boston, you'll be told automatically when airlines are offering discounted fares.

Part of the value of Cyber Street to the company is to keep its staff in touch with the real world, where people don't use technology in quite the intensive way that they do. After Ms Gibbons' recent wedding, her friends set up a web site with the pictures and speeches from the great day, most people still make do with albums. But then, most people still use the post rather than e-mail for the invitations.

Eventually software can do all sorts of clever things, given the huge range of functions on even the humblest PC and the massive amount of information available in the internet rabbit warren.

But for the big companies like Microsoft, there's no point developing things people won't use. And one thing Cyber Street has confirmed, says Ms Gibbons, is that "for most people, unless they are real technoheads, the biggest constraint on deriving value from technology isn't cost or technology – it's time".

For the next six months, she says, "we regard the street as friends of MSN [Microsoft's on-line service] who can keep us honest, as we develop new prototypes of services that we can bring in and ask how would you use that?".

All of which means that good news for the guinea pigs may be bad news for the squirrels. The most animated chat on the street bulletin board recently has been about how to get rid of them. Some gentler members of the virtual community are horrified by talk of drowning them in dustbins: now we've got six more months to think of something less grisly, or to decide that we like the little blighters after all.

هكذا من الأصل

PART EIGHT OF A 12-PART SERIES • PUBLISHED ON WEDNESDAYS AND FRIDAYS

THE GLOBAL COMPANY

Smaller businesses Specialisation is the key

The minnows' fight against the sharks

Katharine Campbell examines the scope for small businesses in the international market when faced with competition from their larger counterparts

At first glance, the global small company appears an inherent *contradiction*. What place have the minnows with just a few hundred million dollars of annual sales in a world where the telecommunications industry is being recast in multi-billion-dollar bites, or where giant accountancy firms are pairing up to extend their international reach even further?

Many of the traditional drivers of globalisation – notably economies of scale – simply do not apply *to small* businesses. They are faced with a constant battle with scarce resources – from sketchy finance to limited *managerial capabilities* – which sit uneasily with the demands of distributing and servicing across the globe.

Yet it seems that a particular *kind of small enterprise* can be global. As the cost of entering new markets falls, entities that are responsive and specialised can flourish. *Meanwhile, the forces* driving large companies to widen their scope are making their smaller brethren think in world terms much *earlier in life.*

However, global reach is no novelty in some quarters. Take the German *Mittelstand*, the constellation of *small- and medium-sized*, often family-owned, businesses that fuel the German economy and its exports.

In his book *Hidden Champions*, Hermann Simon *looks* at 500 of the most successful members of the *Mittelstand*; many have secured a leading world market position but, *with median annual sales of* about $123m (£76m), few are well-known. They succeed, Prof Simon argues, because they are more flexible than *their larger competitors*, they are more innovative, make decisions rapidly and are open to change. Fischerwerke, a small manufacturer *of fastening* products, holds 5,500 patents, or 234 per employee, according to Prof Simon. Whereas Siemens, a relatively innovative big *business, only holds about 10* patents per 100 employees.

"Many have seemingly over-ambitious goals," says Prof Simon. He cites Era *Elektrotechnik*, near Stuttgart, which makes small electrical components for products such as electronic toothbrushes: "In 1995, it set *out to be number one in* Europe. It has achieved that; within five years it wants to be number one in the world. This sort of thing sounds *naive, and often it doesn't* work. But these goals can act like the after-burner in a jet engine."

Yet even Era, with its step-*by-step approach to extending* its international reach, is pursuing yesterday's route to globalisation. Few companies can claim to be "born *global", particularly in the* technology industry.

The push factors include international customers requiring global suppliers – *whatever their size.* Ann Winblad of Winblad Hummer Venture Partners in Silicon Valley points out: "The Fortune 500 company is *global and* if a software business wants to be a standard offering, it must approach global issues on the first release of its product. It's *not a question of risky* ambition, but of early growth requirements."

Gordon Murray at Warwick Business School, who is *involved in an Anglo*-German research project to determine what accelerates and constrains the export activities of high-tech young *companies, adds: "The ever*-decreasing product and technology life cycles mean that you have to go international at a fast rate of knots to *recoup your investment.*"

At the same time, rapid technological change plays into the hands of the small and nimble. Patricia *McDougall at Georgia Tech* School of Management in Atlanta argues: "The competitive advantage has in recent years tended to shift away *from firms with large* size and long experience toward firms with unique knowledge and swift response capabilities."

US companies *that* have raced to embrace the internet seem particularly gung-ho. Peter Sprague, former chairman of National *Semiconductor* and founder of Wave Systems, a company pioneering metering systems for databases, says: "You want to know how we go global? It would be much weirder if you asked me how we were going to stay local. The internet forces you to be global, you literally don't have a choice."

> Small companies face a constant battle with scarce resources that sits uneasily with distributing and servicing across the globe

Electronic commerce helps small companies to appear large. The rapid growth of Amazon, the virtual bookstore, was partly fuelled by a *marketing initiative* launched a year ago, when it began building a network of 15,000 associate sites "hot-linked" to its own page. The company *has an electronic* salesforce that it pays commission to, but it requires no *other administration.*

Technology crosses borders more easily than service – but the virtual service business is also developing. *The Dyer Partnership*, a Hampshire accountancy firm on the web, acts, among other things, as the virtual finance department for Windenergo, *a Ukrainian maker* of wind turbines.

But the internet is not the sole enabler of the ambitious minnow. Colin Price, global leader of change integration at Price Waterhouse and one of the authors of the paper 'Is the Future Virtually Assured?', believes there are other ways of achieving scope – access to markets – without scale.

"*The whole history of* modern management has been driven by economies of *scale. But today you* don't have to be physically big to get access to customers. You can operate through alliances, joint ventures or *virtual links. This is* what the Japanese, with their system of *keiretsu*, or Chinese family businesses, have been doing for decades," he says.

ComponentSource is a small, two-year-old company, based in Reading that specialises in distributing software components. Early on, *it* realised it must be global to satisfy the software developers whose wares it distributes, according to Bob McPherson, chairman. Its own distinctive *yellow* and black branded CD-Roms now appear inside Microsoft's Visual Basic development tool product box. By forging an alliance with Microsoft, initially in Europe, it appears much bigger than it is.

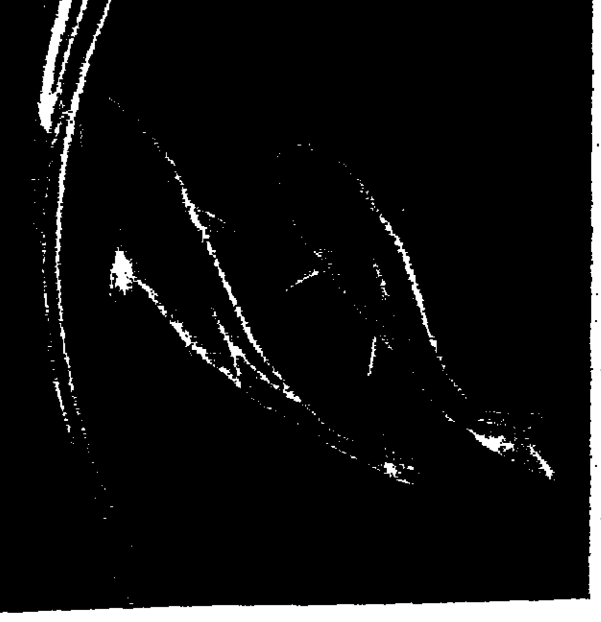
No one pretends such strategies are easy – and, unlike big companies, *smaller competitors* cannot afford to make mistakes. Hence the clear imperative for solid experience.

John Precious, *chairman* of Molecules to Market, the first *biotechnology* start-up in Northern Ireland in 10 years, aimed to be global from the outset. While the company has 13 executives – it outsources almost everything, including research – it also has a top-heavy *board* with six non-executives. Each *has a strong* international background and performs a quasi-executive role in some corner of the globe.

Communications systems in "born global" companies also tend to be more sophisticated than *less-ambitious* start-ups. *Steve* Barnett is managing director for northern Europe at Checkpoint Software, a four-year-old Nasdaq-quoted *Israeli* company with reported sales of *$53.34m in the first* nine months of 1997 and a 40 per cent world market share in internet security firewalls.

Checkpoint, he says, "defines itself not *geographically* but as an electronic corporation". In the past, he adds, "you had information based on where you were located. If you were at *head*-quarters, you would know more than someone at some far-flung outpost". But now a global intranet pulls the company together – with layered access not just to employees but to *reselling* partners and others. In today's climate it is easier than ever to run a business from a laptop, 24 hours a *day.*

Small, but swimming hard



Professor Hermann Simon, author of *Hidden Champions*, a book about the top performers among the German Mittelstand, has drawn lessons from what he dubs the world's best unknown businesses. According to his recipe for success, ambitious companies must, among other things:

Want to be number one. Lofty, long-term ambitions breed success but keep goals simple. Unlike a manager *in a large company, a hidden* champion does not need to impress others with fancy forecasts.

Establish a psychological lead. Use superior competencies to ensure the company determines market trends, rather than submits to them.

Be a super nichist concentrating on the depth of a product line or business, not the breadth.

Innovate through slow incremental progress rather than by going for the big breakthrough.

Deal as directly as possible with customers around the globe.

Small companies can outsource too non-core competencies such as legal work.

In Wednesday's FT: Is there life for the non-global?

Albrecht Schmidt of Bayerische Vereinsbank

Im Bru and Schweppes

Own words Antony Lo, chief executive, Giant

Taiwanese bikes – made in the Netherlands, designed in the US

Antony Lo is chief executive of Taiwan-based Giant, one of the world's biggest bicycle companies with annual sales of $400m (£250m) – 93 per cent outside Taiwan.

Because of the small market for *bicycles in Taiwan*, we don't have any choice – we have to be a global company. The biggest markets are in Europe and the US, which account for just over half our sales. We started manufacturing in the Netherlands because of the attractive market in Europe, where we expect to sell *more than* 400,000 bikes this year. That's out of a demand for bikes in Europe of about 15m annually.

To start with, we will be *making* just 100,000 bikes a year from our European factory, but we envisage this climbing threefold by early next century.

The main reason for transferring some production from the Far East to the Netherlands is to increase flexibility. *Fashions are changing* quickly and market trends must be followed closely. Having a production base next to the market means we should be able to satisfy our customers better.

Wage costs in the Netherlands are 60 per cent higher than in Taiwan but because we should get better productivity in *Europe, this will not affect* overall costs too much.

We are considering opening another plant in the US – we expect to decide on this *in about* three years. Our Taiwan plant makes about 1m bikes a year out of a total 2.5m bikes for our company – including bikes produced by a joint venture in China. I expect the *proportion* of Taiwanese bikes to decline over the next few years as we switch production away from Asia.

Developing new products is as *important* as manufacturing. Bicycles are as much a fashion item as a piece of machinery. We sell bikes in several thousand *variations. In the early* 1990s we introduced up to three new products every year, today, however, that figure has grown to *between five* and 10 – reflecting increased demands by customers.

One of our strengths is the ability to introduce *regional product lines*, within the context of an international approach. About three-quarters of the products we sell around the *world are the same – but* for the remaining 25 per cent we give our regional people freedom to specify products they think will *appeal locally.*

Worldwide we have 65 designers and development engineers. We spend 2 per cent of our annual sales on *design. Forty-five of the* designers are in Taiwan, the rest are based in China, Japan, the US and the Netherlands.

Through this global design approach we aim to pool many different concepts – the people in China and Japan concentrate on *commuting bikes, the* designers in the Netherlands contribute ideas from the European racing bike tradition, while in the US they are more likely to be working on variants of *mountain bikes.* In Taiwan we try to incorporate all the ideas, working on new materials such as carbon fibre to reduce the weight of *the frame.*

Our designers can talk on the phone and swop ideas using computer-aided design, but they get together twice a year *in* Taiwan to review their work. The common language we use is English.

One of the developments we are particularly enthusiastic about is electric battery-powered bikes, which we will sell from mid-1998. We plan to sell 2,000 of these next year, with considerable more *afterwards, particularly in* Europe. There's an increasing environmental need for such machines, to reduce traffic congestion. At *the same time they make* the job of a cyclist easier. During normal travel they should have a range of about *40km. And when* the battery runs out, it's not as huge a problem – all you have to do is pedal home.

Interview by Peter Marsh

Case study Norfrost and Bosal

Determined not to be left out in the cold

Peter Marsh on the global reach of a freezer company and exhaust maker

Small and medium-sized manufacturers that compete globally share an emphasis on *specialised* products, production efficiency and quick decision-making. Another common trait is determination to beat *the opposition.*

Patricia Grant, *managing* director and founder of Norfrost, a world leader in *small* chest freezers for homes and *shops, has decorated the* walls of her office in the village of Castletown, Scotland, with pictures of wolves. Asked why, she says: "They *survive against* the odds."

Norfrost, with annual sales of £31m, was set up in Castletown in 1972 by Mrs Grant and her husband Alex. The remote site is a short drive from John O'Groats, Britain's most northerly point and the company has to generate its own electricity. Even so, the factory exports 70 per cent of its products to 126 countries.

Marketing triumphs include selling specially adapted fridges to Coca-Cola and Mars for use in retail outlets, and freezers *measuring* 2 cu ft designed for Japanese homes where space is at a premium. Norfrost also ships to white-goods giants, *such as Whirlpool, Hotpoint* and Hitachi, which sell the products using their its brand names.

Much of the highly auto-*mated* equipment in the plant is made by Norfrost's 80-strong engineering team. "If we do things ourselves, nine times out of 10 we come up with a better machine than one we would buy from a supplier – and it's almost always far cheaper," says Mrs Grant, who left school at 15.

Sharing some of the traits is Karel Bos, the Dutch chairman of Bosal, one of the world's biggest makers of exhaust systems for cars. *Bosal*, based in Brasschaat, Belgium, is owned by a series of family trusts and was established by Mr Bos's father 74 years ago. The chairman took over in 1970.

With annual sales of *DM1bn (£344m), the company* has 32 plants in Europe, North and South America, South Africa and Australia. With 70 per cent of its sales coming from exhausts, it competes with larger US rivals including Tenneco and Arvin.

Mr Bos says it is always important to be a step ahead technologically of the compe-*tition.*

Bosal employs 400 people in research and development who work on ultra-light-weight car exhausts and novel catalytic systems for curbing pollution.

The most risky venture is its Stirling Thermal Motors subsidiary, based in Michigan, which is pouring millions of dollars into a new class of low-energy *Stirling* engines for customers such as General Motors.

By staying private, Mr Bos believes his company can *retain the long-term* vision needed for such ventures: "We don't have to publish accounts or please shareholders by performing finan-*cial gymnastics.*"

Melodrama, incest and fairytale

David Murray enjoys three musical rarities at the Wexford opera festival

Now in its 46th year, the Wexford Festival Opera has just begun its third season with Luigi Ferrari as artistic director – who has made it a chiefly Italian season. Not only are two of the three operas Italian (19th-century Mercadante, 20th-century Respighi); in the Russian third, Dargomïzhsky's *Rusalka*, both the leading roles are sung by young Italians.

Ferrari continues to do splendid work at Pesaro's grand Rossini Festival, but it would be a pity if Wexford were to become a mere try-out venue for Pesaro candidates. Though Ferrari is well placed for spotting bright new Italian voices, does he hear anyone else? On this year's roster there are indeed four Slav principals (including that fine Russian baritone and Wexford stalwart Anatoly Lochak), in the tradition established years ago by the previous artistic director Elaine Padmore. One interesting French mezzo, too; but nobody from anywhere else except in tiny roles. The greater part of the chorus is Slav. The old sense that the festival had some Irish roots has almost dwindled away – temporarily, anyhow.

At least we had the National Symphony Orchestra of Ireland, who supplied distinguished playing for every opera. The players were as deft and sympathetic as any native band in *Rusalka* (semi-folksy), and outstanding in the more ambitious scores of Mercadante's *Elena da Feltre* and Respighi's *La fiamma*.

Elena da Feltre (1839) was coolly interesting, not least on account of their cultivated playing. *Elena* is the second Mercadante opera that Wexford has tried on, intrepidly, after his much earlier *Elisa e Claudio*. The composer (1795-1870) looked backward to Spontini, Cimarosa and Rossini, forward to Verdi, and askance at his immediate contemporaries Bellini, Donizetti and Meyerbeer – the first two too generously "expressive" for Mercadante's sober musical conscience (essentially 18th-century), the latter too prone to brash theatrical effects.

The plot of *Elena* is high melodrama – Guelphs and Ghibellines in 1250, betrayals rife, too complicated to recount. Mercadante's later operatic music has a reputation for being over-complicated too, but Maurizio Benini conducted it here with finesse; it sounded compact, well-varied and beautifully orchestrated. There is a notably powerful quintet at the end of Act 2.

The central roles of Elena and her two unhappy lovers – the leading tenor is the "villain", for once, while the bass languishes loyally – were sung with style and feeling by Monica Colonna, Cesare Catani and Nicola Ulivieri. They were strongly supported by the tenor Luigi Petroni and the soprano Elena Rossi, and particularly Stefano Rinaldi-Miliani – a fine, sensitive bass – as Elena's father: one was sorry that he died so early on.

The production was less helpful. Drawbridges and flagpoles rose and fell with tedious regularity, to no evident purpose. And where the whole character of the piece calls for heightened gestures and poses, the producer Sonja Frisell let her cast drift about limply. In its formal, Metastasian way, I am sure that *Elena* can look much more pointedly dramatic than that; the music deserves it.

Wexford's other two operas this year are *Rusalka* – not the familiar Dvořák version, but Alexander Dargomïzhsky's from 45 years earlier – and Respighi's 1934 *La fiamma*. The latter is a period-decadent indulgence, full of gorgeous sounds that signify more or less nothing. Dargomïzhsky's fairytale opera is a clear, fresh-eared winner that we should have got to know long ago.

La fiamma, Respighi's last completed opera, locates itself in the fashionable territory of the crypto-fascist poet D'Annunzio, rapturously agonised and steamy. Though its bleak story of witchcraft and incest came from 16th-century Norway, Respighi initially wanted his librettist Guastalla to transplant it to Byzantium (the robes! the incense!). Eventually they compromised on Byzantine Ravenna.

La fiamma, "the flame", is the knack for witchcraft – seduction, mainly – which our monstrous heroine Silvana has inherited from her mother. That provides one strand of the ludicrous plot; the other is the "Phaedra" myth, which meshes nicely – for spooky Silvana is the young second wife of old Basilio, the Exarch of Ravenna, who already has a strapping, handsome son.

You can guess the rest. Respighi's score variously recalls his teacher Rimsky-Korsakov's *Scheherazade* orientalisms, mock-medieval echoes, "magical" Wagner, ethereal Debussy and his own orchestral tone-poems. Every echo sounds gorgeous, for Respighi was a practised professional with a fine ear, and Wexford's conductor Enrique Mazzola knows exactly how to light them all up.

The singing was more problematical. Among the three Russian principals, Elmira Magomedova's Silvana slunk to and fro like a baleful pussycat, delivered her voice towards her feet and sang perhaps a dozen words of intelligible Italian through barely-parted lips. Yet her soprano boasted astonishing volume, depths and colours. Were she to straighten her spine, open her mouth and sing directly to the audience, she could be a marvellous Elektra.

Among her victims, the tenor Juri Alexeev (as the stepson) sounded dry but lusty, and Anatoly Lochak's Exarch was stalwart as always. Franco Ripa di Meana's staging had postmodern tendencies: a mixture of modern and mediaeval costumes and hairstyles, a grim dentist's chair instead of a throne. It was moderately interesting to have seen, once.

Dargomïzhsky's *Rusalka* is rightly revered in Russia as a seminal opera, allying western art-music to native folk-tunes. The score still sounds delightfully fresh, and Paul Mägi conducted it with warm affection. The director Dimitri Bertman kept the action lively, though with some dated tricks that belied his "avant-garde" reputation. The transparent plastic raincoats for the water-nymphs were a mistake.

The eponymous water-nymph was the soprano Anna Maria Chiuri, obviously a rising star, though her Russian sounded like hard work. Her faithless lover was Alessandro Safina: it seems unfair that such a strong, elegant tenor should also be so tall and classically good-looking – though he *did* tend to sing on the bottom edge of his high notes.

Maxim Mikhailov gave a ripe performance as the dissolute miller, Rusalka's father. The French mezzo Annie Vavrille sang the Prince's royal bride in strangulated Russian, a bit desperately, but it will be good to hear her in other roles. All in all, a happy evening of discovery: for those of us who knew only his *Stone Guest*, Dargomïzhsky turns out to be a composer of real lyrical invention and skill.

Season continues until November 2.

Theatre

Delightful divas in drag

You could argue that with prolific composers such as Donizetti having written vast works with titles like *Emilia di Liverpool*, lampooning the unlikely shenanigans of lazy librettists, modish directors and egomaniacal divas could be somewhat akin to shooting fish in a barrel. Seventeen years after its formation, however, the divas in drag of La Gran Scena Opera Company are still poking fun at the wilder shores of operatic lunacy in *Vera... Life of a Diva*.

In the bejewelled hands of "la Dementia" Madame Vera Galupe-Borszkh (aka Ira Siff), audiences are led (astray) through the four stages of a singer's career: "Bel canto, can belto, can't belto, can't canto". On this engagement, we are privy to Vera's life story from her debut at the Odessa Canned Goods and Opera Company, through her enduring partnership with Texan mezzo Philene Wannelle to her late career as a teacher. Along the way, we see her perform the roles which made her grate... sorry, great.

Their best work consists of full scenes from well-known works. Last time they were in London, audiences laughed helplessly at the school-of-Peter-Sellars trio from *Der Rosenkavalier*, relocated to a New Jersey shopping mall with a roller-skating Octavian, Sophie shooting up and a lead performance by a character named Marsha Lynn. Watching three men sing Strauss's most famous women's climax at the correct pitch was not only astonishing, but astonishingly funny.

Nothing on the current bill matches that, although the scene between Scarpia and Tosca from Act Two of *Tosca* comes close, particularly Vera's sublime double-take as she toys with a knife, stuck conveniently in the side of a roast pig supper, and suddenly gets ideas about Scarpia and speeding up any funeral plans he may have made. Deliriously daft it may be, but the theatrical decisions highlight the dramatic moments more clearly than many a conventional production.

The newest material is a much-welcomed hatchet job on Terrence McNally's absurdly pretentious Broadway hit (and London flop) *Master Class*, with Madame Vera "teaching" the brainless Kavatina Turner, who sings a genuinely impressive Adriana Lecouvreur and Madam Butterly with Wannelle as Suzuki, "the mezzo who cleans for her." But not all the singing is as impressive as it once was. It is only fair to point out that on the night I saw it, Ira Siff had a throat infection which meant the obtrusive use of miking, the last thing the company wants or needs.

Whether you want over two-and-a-half hours of this is another matter. Old gags are wearing thin with repetition and the ratio of good jokes to bad is on the depressing side. I wouldn't go so far as Rossini, who said of Wagner that there were good moments but boring quarters of an hour, but judicious cutting is not so much a possibility as essential. Fans of the indulgent won't worry. Bel canto worshippers are used to it anyway.

David Benedict

Bloomsbury Theatre, London WC1.

Poking fun at the wilder shores of operatic lunacy: scene from La Gran Scena's 'Samson and Dalila'

Concerts in London

Rigorous rough and tumble

So long as funds from the lottery could only go towards building projects, Britain's orchestras looked unlikely winners. Now the rules have been loosened, their numbers might come up: the Philharmonia has just launched an appeal to raise money to purchase new instruments and has a lottery application in its sights.

A few years ago any planning for the future at Philharmonia headquarters would have looked optimistic, but the fortunes of London's orchestras have always changed *molto allegro*. The clinching sign of the turn-around is that the Philharmonia has at last filled the long-vacant post of principal conductor. Christoph von Dohnányi officially took over at the start of this season, although in practice his relationship with the orchestra has been growing closer for a few years.

At Tuesday's concert, conductor and orchestra played off each other like a married couple with few secrets left. Dohnányi, very much a maestro of the German classics, is making Mendelssohn and Strauss the focus for a short series of three concerts and his single-minded approach to their music will have come as no surprise to the players – crisp rhythms, clear textures and fearsome attention to detail.

Strauss's merry prankster *Till Eulenspiegel* led the way. Insofar as there was fun in this rigorous performance, it came from the academic pleasure of picking out the instrumental detail usually lost amid Strauss's orchestral rough-and-tumble. Till the cheeky rogue would not have dared poke his nose into such an authoritarian piece of music-making. If he had, one imagines Dohnányi would take him by the scruff of the neck and boot him out of the hall.

In such moods it is hard to feel affection for Dohnányi's conducting, easier to be impressed by his intellectual grip and determination to achieve high standards. In Sibelius's Violin Concerto he provided a disciplined accompaniment, no romantic brooding allowed, to Christian Tetzlaff's clear-headed and rhythmical violin solo, played on a 1713 Stradivarius. Mendelssohn's "Italian" Symphony started out self-consciously shaped in four-square units, but let itself go with the driving rhythms of the finale.

As an appealing novelty earlier, six solo strings had played the sextet from *Capriccio*, a miniature in a venue as big as the Royal Festival Hall, but the concentration of the players managed to keep the audience still. If the Philharmonia's appeal is successful, perhaps a Stradivarius or two will be handed out the next time they play it.

Richard Fairman

Saintly Celtic legends

On a rare visit to London last weekend, the Royal Scottish National Orchestra rounded off the *Raising Sparks* festival of James MacMillan's music with a performance of *Ninian*, a concerto written for the RSNO's principal clarinet, John Cushing, and premiered by him in Glasgow earlier this year.

As usual with MacMillan's music, *Ninian* comes with a tonne of extra-musical baggage which the composer uses to explain his inspiration and which the listener would do best to ignore. It is enough to say that the piece celebrates the 1600th anniversary of the arrival in south-west Scotland of an early Christian saint, and illustrates three legends about him in the manner of a tone-poem.

Ninian sums up the best and worst of MacMillan's music, and you have to listen hard to pick out the nuggets of gold. The best is the resourcefulness with which he explores the sonority and range of the clarinet, unfolding the solo part like a dazzling narrative. The first movement veers from highly suggestive murmurings to a long crescendo in the manner of a Scots pibroch. The second, an outpouring of melancholy lyricism, capitalises on the instrument's fluidity, while the third develops from a mere whisper into an expertly contoured plateau of yearning – half jazz-like improvisation, half soulful incantation. Cushing's Barbican performance was a model of verve, virtuosity and velvet tone.

The only problem is the accompaniment: MacMillan deploys the orchestra rather like a TV chef, chucking in a handful of ingredients here to give the dish some body, seasoning there to spice it up, and then leaving it to simmer. It all sounds thuddingly familiar – from the big, brassy blocks to vacuous percussion displays. When it's loud, it's very loud, and when it's soft, it's barely audible. And at 37 minutes, it's far too long.

The RSNO nevertheless despatched the music with clean, purposeful commitment, as if grateful to MacMillan for the chance to show off without having to behave too well. And there was more of the same after the interval, in a brazenly confident performance of Shostakovich's Twelfth Symphony under the orchestra's new principal conductor, Alexander Lazarev. Like so many of his Russian colleagues, Lazarev is big on colour and the broad gesture, short on delicacy – perfect qualifications for this brash reminder of the October 1917 revolution.

Andrew Clark

INTERNATIONAL ARTS GUIDE

■ BALTIMORE

EXHIBITIONS
Baltimore Museum of Art
Tel: 1-410-396 6310
A Grand Design: The Art of the Victoria and Albert Museum. First stop of a five-city North American tour of selected objects from the V&A's collection. Consists of 250 works of art ranging from Leonardo da Vinci's notebooks to shoes by Vivienne Westwood, presented in sections which address changes in the institution's collecting policy; to Jan 18

■ BERLIN

CONCERTS
Konzerthaus Tel: 49-30-203090
Berlin Symphony Orchestra: conducted by Jerzy Semkow in works by Glinka, Dvořák and Prokofiev. With violin soloist Alyssa Park; Oct 24, 25

OPERA
Deutsche Oper
Tel: 49-30-34384-01
● Der Fliegende Holländer: by Wagner. Conducted by Christian Thielemann in a staging by Götz Friedrich; Oct 24, 26
● Die Zauberflöte: by Mozart. Staged by Günter Krämer, with sets and costumes by Andreas Reinhardt; Oct 25

■ CHICAGO

OPERA
Lyric Opera of Chicago
Tel: 1-312-332 2244
Nabucco: by Verdi. New production staged by Elijah Moshinsky and conducted by Bruno Bartoletti. Cast includes Maria Guleghina and Samuel Ramey; Oct 24

■ CLEVELAND

EXHIBITION
Cleveland Museum of Art
Tel: 1-216-421 7340
When Silk Was Gold: Central Asian and Chinese Textiles in The Cleveland and Metropolitan Museums of Art. 64 tapestries, silks and embroideries from the 8th through 15th centuries, when they were a valued currency. Many of these are fragile and rarely travel; to Jan 4, after which the exhibition will travel to only one other venue, the Metropolitan Museum of Art in New York

■ LONDON

CONCERTS
Barbican Hall
Tel: 44-171-638 8891
London Symphony Orchestra: conducted by Richard Hickox in works by Vaughan Williams; Oct 26

EXHIBITIONS
Hayward Gallery
Tel: 44-171-2610127
Objects of Desire: The Modern Still Life. Exploring 20th century developments of a 400-year-old genre, this show ranges from Picasso and Matisse to Oldenburg and Warhol; previously seen at the Museum of Modern Art in New York; to Jan 4

National Portrait Gallery
Tel: 44-171-306 0055
● Glenys Barton: selection of ceramic heads and portraits by the British sculptor; to Jan 11
● Sir Henry Raeburn (1756-1823): previously seen in Edinburgh, this exhibition of some 60 paintings includes the major portraits belonging to the National Gallery of Scotland as well as loans from abroad; to Feb 1

OPERA
Shaftesbury Theatre
Tel: 44-171-379 5399
The Royal Opera: The Merry Widow, by Franz Lehár, in a new translation by Jeremy Sams. New production by Graham Vick, with designs by Richard Hudson; Oct 24, 25, 27

THEATRE
Theatre Royal, Haymarket
Tel: 44-171-930 8800
A Delicate Balance: by Edward Albee. Anthony Page directs a cast of six including Maggie Smith, Eileen Atkins and John Standing

■ LOS ANGELES

CONCERTS
Dorothy Chandler Pavilion
Tel: 1-213-365 3500
Los Angeles Philharmonic: conducted by Esa-Pekka Salonen in works by Mozart and Beethoven, and the world premiere of a new work by Donatoni (not 25); Oct 24, 25, 26

■ MUNICH

CONCERTS
Philharmonie Gasteig
Tel: 49-89-5481 8181
● Marinsky Theatre Orchestra: conducted by Valery Gergiev in works by Berlioz, Skrjabin and Shostakovich; Oct 27
● Prague Symphony Orchestra: conducted by Gaetano Delogu in works by Rossini, Brahms and Dvořák. With piano soloist Valéry Afanassiev; Oct 24

DANCE
Bayerische Staatsoper
Tel: 49-89-2185 1920
Bayerische Staatsballett: Swan Lake. Sets and costumes are by John Macfarlane; Oct 25

EXHIBITIONS
Haus der Kunst
Tel: 49-89-5481 8181
● Ellsworth Kelly: retrospective of the American abstract painter and sculptor, b. 1923, now in his 70s and one of the most distinguished living artists. Organised with the Guggenheim Museum and previously seen in New York, Los Angeles and London; to Jan 18
● Julião Sarmento: display of recent works by the Portuguese painter; to Jan 18

OPERA
Bayerische Staatsoper
Tel: 49-89-2185 1920
● Die Zauberflöte: by Mozart. Conducted by Hans Drewanz in a staging by August Everding, with designs by Jürgen Rose; Oct 26
● Elektra: by R. Strauss. Premiere. Conducted by Peter Schneider, in a production directed and designed by Herbert Wernicke; Oct 27
● The Love for Three Oranges: by Prokofiev. Conducted by Roberto Abbado, in a staging by Juri Ljubimow, with designs by David Borowskij; Oct 24

■ NEW YORK

EXHIBITIONS
Brooklyn Museum of Art
Tel: 1-718-638 5000
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" wrote Monet from Cap d'Antibes in 1888. Bringing together more than 70 works, this exhibition presents the fruits of several journeys made by the painter: to the Italian and French Rivieras in the 1880s, to Venice in 1908; to Jan 4

OPERA
Metropolitan Opera, Lincoln Center Tel: 1-212-362 6000
● Carmen: by Bizet. Revival of a production by Franco Zeffirelli; Oct 25
● Il Barbiere di Siviglia: by Rossini. Revival of a staging by John Cox; Oct 25
● La Cenerentola: by Rossini. Met Opera premiere. New production conducted by James Levine in a staging by Cesare Lievi, with designs by Maurizio Balò; Oct 24, 27

New York State Theater
Tel: 1-212-870 5570
● Don Pasquale: by Donizetti. New York City Opera. New production, premiered at Glimmerglass, directed by Leon Major and conducted by Lucinda Carver; Oct 25
● Iphigénie en Tauride: by Gluck. New York City Opera. Conducted by Jane Glover and directed by Francesco Zambello, with sets by Marina Draghici; Oct 24
● Macbeth: by Verdi. The New York City Opera season opens with this new production directed by Leon Major and conducted by George Manahan; Oct 25

■ PARIS

DANCE
Opéra National de Paris, Palais Garnier Tel: 33-1-43439696
Paris Opera Ballet: in Swan Lake; Oct 24, 25

OPERA
Opéra National de Paris, Opéra Bastille Tel: 33-1-44731300
● Aufstieg und Fall der Stadt Mahagonny: by Kurt Weill. Conducted by Jeffrey Tate in a production directed by Graham Vick; Oct 25
● Turandot: by Puccini. New production by Francesca Zambello. Conducted by Fabio Luisi. With choreography by Alphonse Poulin and designs by Alison Chitty; Oct 24, 27

■ TOKYO

EXHIBITIONS
Bunkamura Museum of Art
Tel: 81-3-3477 9252
Photography in Paris 1905-1997: around 240 works by some 53 photographers, on loan from the Centre Georges Pompidou in Paris. Those represented include Man Ray and Andre Kertesz; ends on Sunday

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EUROPEAN CABLE AND SATELLITE BUSINESS TV
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07.00: *FT Business Morning*
10.00: *European Money Wheel*
Nonstop live coverage until 15.00 of European business and the financial markets.
17.30: *Financial Times Business Tonight*

● **CNBC**
08.30: *Squawk Box*
10.00: *European Money Wheel*
18.00: *Financial Times Business Tonight*

COMMENT & ANALYSIS

In both Japan and Europe, companies are gearing up to shed jobs faster than rigid labour markets can create them

Revolution coming, ready or not

Japan's social system is about to undergo revolutionary change. There is a growing consensus that internationalisation and global competition mean Japan's cherished social contract is no longer viable, particularly as the country adapts to a period of lower growth.

Plans to deregulate the economy, especially the financial sector, have made the debate more urgent. Deregulation is expected to unleash a wave of corporate restructuring and consolidation that will make the practice of lifetime employment and seniority-based pay a luxury many companies can no longer afford.

The pressure to cut costs has already led many manufacturers to shift a significant part of their production to lower-cost countries.

At home, there are growing calls for a more flexible labour market. "It is not a question of which is good or bad," says Shigeru Tanaka, president of Hay Consulting, a management consultancy. "The old system was possible only because Japan enjoyed a privileged existence for several decades. During that time, as long as everyone worked hard, the economy grew and everyone prospered. Unfortunately, the circumstances have changed."

But is Japan really about to ditch a social system that has served it so well? Heizo Takenaka, professor of economics at Keio University, thinks it will have to. "In order for wide-ranging economic reforms to succeed, they have to be accompanied by social reform," he says.

His opinion is endorsed by a recent report from the Japan Federation of Employers Associations, which says: "As the principle of free competition becomes the basis of [Japan's] economy and society, Japanese companies will have to be managed in more efficient and creative ways. Restructuring will become the most important theme for Japanese corporations."

For companies, things will get harder before they improve. Those in their late 40s will reach the highest levels of management (and pay) over the next few years, increasing the already unsustainable fixed costs associated with Japan's top-heavy structures. By the end of the century, a quarter of the workforce will be 55 or older. "It is not realistic to expect companies to keep on all these employees," says Mr Tanaka.

Some companies are responding to these pressures by introducing greater flexibility. Matsushita is offering employees the option of receiving their pension as part of their salary rather than as a lump-sum at the end of their careers. Honda and Sony have introduced pay systems that place greater emphasis on performance. Many companies have set up voluntary early retirement programmes. Others have introduced term limits for management posts.

But the result of many of these measures, rather than bringing a more open labour market, has been a higher rate of unemployment among older workers. In 1995, the latest year for which complete figures are available, the jobless rate of those aged between 60 and 64 was 5.7 per cent against an overall rate of 3.3 per cent. Just as many older workers are approaching the age at which long years of service would begin to pay commensurate rewards, they are faced with voluntary retirement or steep pay cuts.

This is not how the Japanese system is meant to work. Traditionally, employers have sold their working life to a company in return for job security. "Now companies are saying: 'You have to be loyal while you are employed but we won't take care of you for life any more,'" says Kiyotsugu Shitara, general secretary of the Tokyo Managers' Union.

Other aspects of Japan's rigid labour market, however, remain firmly in place. Many Japanese companies, particularly the blue chips, continue to take on a disproportionate number of graduates as opposed to hiring experienced workers. Fuji Bank, which hired 590 graduates this spring, has no immediate plans to take on new employees.

Japanese workers also tend to suffer wage cuts when they switch jobs. One study found that the starting salary for those hired in mid-career was only 69.9 per cent of the salary of those sticking with the same company.

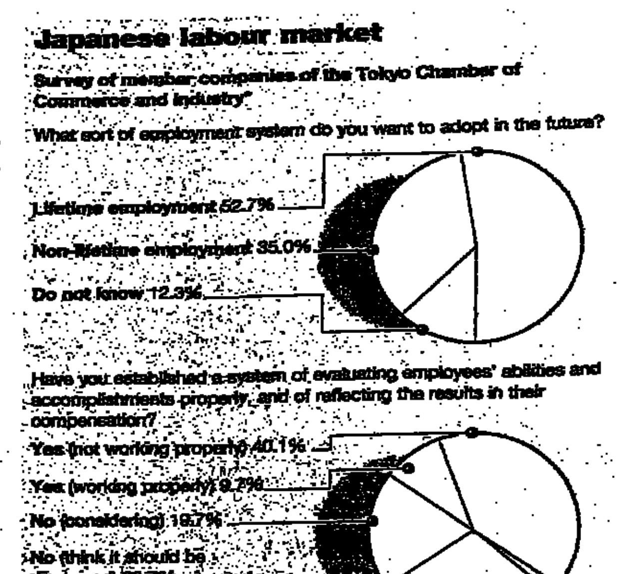
The practice of training generalists, rather than specialists, has also meant that many workers, particularly white-collar employees, find they do not have skills that are useful outside their own company. A recent survey showed that, while 64 per cent of respondents believed that more companies would be hiring staff in mid-career, only 26 per cent felt they had transferable skills.

"Most salaried workers don't have their own special expertise and when they lose their job they realise this and lose their self-esteem as well," says Mr Shitara.

There have been tentative moves to change the salary structure, but most companies still reward long-term service over ability. Whereas in the US and most European economies real wages tend to peak when workers reach their late 30s to early 40s, in Japan workers hit their top earning potential in their 50s.

Change to this structure has been slow in coming. But deregulation may force the pace. Toshio Miyoshi, vice-chairman of the Federation of Employers' Associations, says deregulation could lead to a loss of 10 per cent of jobs among the 1.6m employed in the financial industry, the 6.7m in the construction industry and the 4.7m in public administration. That could raise Japan's jobless total from an official rate of 3.4 per cent to as much as 5 per cent.

Optimists believe deregulation will eventually lead to the creation of sufficient jobs in new markets to absorb much of the excess labour. But for this to happen, Japan will need the kind of labour mobility that operates in the US.



Mr Takenaka says that, when deregulation begins to bite, social reform could come relatively quickly. "When one part [of the Japanese system] falls, they all go crashing with it," he says.

In the meantime, the outlook for Japanese workers is more uncertain than ever. "Japan is in the midst of a tumultuous transition from a community based on sharing to one based on contracts," says Mr Shitara. Until that transition is made, there will be a rough ride for all concerned.

Michiyo Nakamoto

When capital collides with labour

The contrast in the speed with which European companies and governments are respectively rising to the challenges of globalisation and demographic change has never been more stark. The fleetness of foot – no surprise – is all on the side of business.

Consider the case of engineering giant ABB, which is heavily exposed to the financial crises in Asia's tiger economies. Confronted with government decisions to abandon investment projects in the region, the Swiss-Swedish group promptly announced it was laying off 10,000 in western Europe and North America while providing £520m for restructuring charges to cope with the damage to its business.

Nor is this wholly untypical of the new and vigorous mood among Europe's business leaders. Witness the announcement in a single day last week of five European cross-border acquisitions and mergers, two of them hostile. These stemmed in part from the realisation that a wider economic and monetary union in 1999 had become a racing certainty and would lead to further industry consolidation across the single market. The companies concerned wanted to drive that rationalisation process and to cut costs as they did so.

Note, too, that the German corporate sector, supposedly debilitated by the lotus-eating ethos of the social market, has been exporting jobs furiously in an attempt to overcome the competitive handicap of high non-wage labour costs at home. Between 1990 and 1996 German direct investment in foreign countries amounted to DM259bn (£89bn). Inward investment into Germany over the same period was a mere DM33bn. The message is that, while the German labour market may be inflexible, companies are not.

Compare and contrast with governmental deliberations in the same countries over cutting back budget deficits. First we had accounting fiddles and fudges in France, Germany and Italy as they attempted to meet the Maastricht criteria. And in recent weeks we have witnessed politicians trying to square up to the burden of state pensions, the most costly component of the welfare state.

Yet tortuous negotiations between the social partners in Germany and Austria are set to deliver relatively small cost reductions, while the shape of any package in Italy remains hostage to the unions, which have a *de facto* power of veto. In France the government of Lionel Jospin is as ostrich-like on pensions as its predecessor.

Mr Jospin could, of course, claim that his labour market policies are splendidly decisive. But alas, the imposition of a 35-hour week will make things worse, not better, by increasing unit labour costs and hitting employment. So, too, in Italy.

Meanwhile deregulation of the continental European labour market continues at snail's pace as vested interests in business and the unions lobby to preserve privileges that call to mind the restrictive practices of the medieval guilds. Governments are understandably less willing than companies to sacrifice treasured social cohesion on the altar of a more robust, Anglo-Saxon style of capitalism.

This combination of increasingly efficient capital markets and unyieldingly rigid labour markets has the makings of a nightmare. For while trade is a positive-sum game overall, large companies in the developed world's economies have for many years been net job destroyers. Typical of this process is the experience of ABB under Percy Barnevik, after the merger of Asea and Brown Boveri in 1989.

Between 1990 and 1996 ABB shed 59,000 jobs in western Europe and North America, while creating 56,000 chiefly in Asia and eastern Europe. The task of job creation has thus been left to the smaller fry of the developed world's corporate sector or, in continental Europe, to the public sector.

Yet even after the Maastricht-imposed fiscal squeeze every European country bar Denmark is still projected by the latest OECD Economic Outlook to remain in structural budget deficit this year. So the burden of job creation will fall almost exclusively on small and medium-sized enterprise, mainly in the non-tradeable sector. And with more big companies set to follow ABB in raising the productivity of capital, that burden can only increase.

The snag is that continental Europe's small firms have lost the knack of creating private sector jobs, especially for young people. In part this reflects all those labour market rigidities which make employees so expensive to hire and difficult to fire. But the problem is exacerbated because capital markets are becoming efficient at the wrong end, from a job creation point of view. Continental business is picking up Anglo-Saxon takeover habits more easily than Anglo-Saxon venture capital techniques.

The standard remedies for labour market rigidities can be boiled down to deregulation and lower taxes on payrolls. Yet there is a more fundamental difficulty, which relates to culture. In Austria, for example, the preferred career choice of 70 per cent of university graduates is the civil service. The climate of enterprise is missing on much of the continent.

Culture is not easily changed. A government cannot force television producers to put charismatic businessmen on business programmes or, without tax breaks, turn teenagers into equity investors. It is a matter of education and, very importantly, revising punitive bankruptcy laws which impose excessive penalties on those who take risks but fail at the first attempt.

Such measures are long term and win no votes for politicians. Yet a failure to pursue them could have deeply disturbing consequences. The conjunction of high youth unemployment and the extraordinarily high proportion of young people's votes won by Le Pen's National Front at the last French election is suggestive.

With the ageing of Europe's population the risk is that disaffected youth will be constantly outvoted by age. That might be good in the short run if it spiked demands for protectionism. But further ahead it would leave youth with a powerful urge to resort to non-democratic politics: the 1930s revisited.

John Plender

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL
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The nasty agenda Blair needs to reckon with

From Mr Andrew Shouler.

Sir, Your leader "Emu policy in a spin" (October 20) really is up the creek. You say that Tony Blair "has a lot of explaining to do" to Helmut Kohl - as if the UK reports to Germany. That may be your wish, but Mr Blair may well remember that he is not beholden to Mr Kohl, but is beholden to the British people, who do not want the single currency, and very wisely so.

You also perpetuate the idea – indeed, the blatant pro-European Union propaganda – that the UK will not be "taken seriously" and will lose "influence" if it does not commit itself to economic and monetary union. How would it change if the UK joined? Just exactly what would France, Germany and our other neighbours suddenly do that would suit us rather than them? Surely they would be even more inclined to plough ahead with schemes inimical to British interests, since the UK would be a captured party. Thus, obviously, joining Emu would give the UK less influence.

The way for the UK to retain its strength and independence is to let it be known that it will not partake in what does not make sense. Emu is certainly in that category, from the UK's viewpoint. It is a political project to protect and transmit continental corporatism, at our expense. Let the single currency be forged without us, and let us see what happens. British consumers and business might benefit from the single exchange rate that would apply. The blackmail that would follow should be identified as such.

Joining Emu, on the other hand, would hasten the UK's disappearance into the intended European state, whereupon, without doubt, our taxes would inexorably rise, our economic life would be stifled by EU regulation, our traditions would be obliterated, and our democracy would die. In fact, these phenomena are already in train.

That is the nasty agenda; entering Emu would virtually seal it, and that is what Mr Blair needs to reckon with, not Mr Kohl.

Andrew Shouler,
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RM17 6HF, UK

Competition policy only one of many vital factors

From Mr B. Winston Harnwell.

Sir, I must take issue with Steven Burgess (Letters, October 20) in placing so much emphasis on the effects of competition policy in the European Union to the exclusion of other vital factors.

While it is true that harmonisation of such laws will have an impact on bedding in the single currency, Mr Burgess appears to ignore other variables such as differences in labour costs, corporation tax levels and general structural economic strains that will inevitably materialise if the project ever takes off.

He isn't alone in failing to assess these difficulties. Gordon Brown's apparent obsession with media manipulation in recent days provided ample evidence that the government is unable to provide a clear direction or even set the parameters for serious debate. With such a flimsy approach from our nation's leaders, what hope is there for laymen like Mr Burgess?

B. Winston Harnwell,
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Bananas and a great British tradition

From Mr Michael A. Samuels.

Sir, As a long-time supporter of trade policies that reduce barriers and a firm believer in a rule-based multilateral trading system, I have found the long tradition of the British government, usually an important ally, worthy of praise. I would, therefore, have expected by now that it would have accepted with one voice the rule-based decision issued by the World Trade Organisation against the European Union banana policy.

Instead, much to my amazement, there are signs in recent press accounts of precisely the opposite behaviour by some in the British government. There even appear to be indications of vindictiveness and a search for foreign scapegoats.

Two examples in recent weeks reflect the pattern. First, George Foulkes, the secretary of state for international development, unveiled to the press a plan to respond to the WTO ruling by initiating a buying campaign to favour of Commonwealth bananas over bananas from Central America. Second, Clare Short, the overseas aid minister, followed this in the press with her own call for European consumers to boycott Latin American bananas in favour of Caribbean ones.

There is no doubt that such government-encouraged action would once again violate the WTO and undermine the integrity of that important body. As regrettable, acts such as these would perpetrate massive unfairness and hostility towards hundreds of thousands of farmers and workers in Latin America, who like their Caribbean neighbours, depend on EU banana sales to earn a living. The unfortunate irony is that, as numerous economists have made clear, proposals of this kind are nothing more than a thinly veiled effort to ensure that certain EU middlemen continue to be enriched.

I find all of this unworthy of the British tradition of fairness, compassion and commitment to a liberal trading order that so many of us have long admired.

Michael A. Samuels,
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The time is ripe for a Cook Declaration

From Mr Edmund O'Sullivan.

Sir, Robin Cook, UK foreign secretary, should take note of the year and the words of a Scottish predecessor. He could then issue the following, which would demonstrate a new approach to a key world issue, build friendships in the Arab world and help right a historic wrong:

"Her Majesty's government views with favour the establishment in Palestine of a state for the Palestinian people and will use its best endeavours to facilitate the achievement of this object, it being clearly understood that nothing shall be done which may prejudice the civil and religious rights of existing non-Palestinian communities in Palestine, or the rights and political status enjoyed by Palestinians in any other country."

The Cook Declaration could come out immediately. There is no need to wait until November 2, the 80th anniversary of Balfour's fateful 1917 declaration.

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COMMENT & ANALYSIS

FINANCIAL TIMES
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Friday October 24 1997

Hong Kong: the last peg

Just when Hong Kong thought that it had escaped the Asian currency crisis, the speculators descended. The authorities yesterday mounted a furious defence of the Hong Kong dollar, pushing up overnight interest rates to well over 200 per cent; meanwhile, stock markets in Hong Kong and elsewhere plunged. Other Asian countries could not fend off the attack. But Hong Kong can, and should, continue to defend its currency.

The Hong Kong dollar has been attacked because it is the last Asian currency which has not abandoned its currency peg. Therefore, the speculators are thinking, it must now be ripe for a competitive devaluation.

But the Hong Kong economy is not like other Asian economies. Hong Kong is primarily a trade and finance centre, with manufacturing contributing less than 10 per cent to gross domestic product. Its real exchange rate is less directly related to its economic growth. Yes, it is a high-cost economy, and yes, the exchange rate probably is overvalued. But other factors, in particular confidence in the domestic economy and the economic performance of China, are more important in driving Hong Kong's performance.

Hong Kong certainly needs to watch its business costs. The case for a devaluation of the Hong Kong dollar, though, is not proven. And the costs of letting the currency go now would be very high. The authorities have staked their reputation on the maintenance of the exchange rate peg, far more so than any other country has done. The pressure on the currency is being seen as a test for the new Hong Kong government, and for China's ability to run the territory. A break in the peg could destroy confidence in Hong Kong and do untold economic damage.

The case for a defence of the peg is strong. And Hong Kong has the resources to make it work. The authorities have US$88bn (£54.3bn) of foreign exchange reserves, equivalent to 40 per cent of M3 money supply. They have the support of China's US$130bn of reserves if they want it – although to maintain confidence in the independence of Hong Kong's monetary system, this should only be called upon as a last resort. Finally, and perhaps crucially, the supply of Hong Kong dollars is restricted to a few domestic banks, with a vested interest in defending the currency. The Hong Kong Monetary Authority has influence over these banks, and can use them effectively to cut off the supply of Hong Kong dollars to the speculators.

The defence will carry costs. Higher interest rates will pummel the stock market and the property market. But there is room for both to fall. The stock market has been inflated by low interest rates and, more recently, by handover fever and by speculation over China-related stocks. Property prices, meanwhile, have risen by 55 per cent since the beginning of last year. And high interest rates need not last long. If the speculative attack is successfully fended off, the risk premium on rates will soon drop.

The Hong Kong authorities' response to the speculation so far has been entirely right, even if it did spark panic in the stock market. They must continue to defend the peg, and ignore for now warnings of the cost. The alternative is far costlier.

Getting warm

The US proposal for a reduction in emissions of greenhouse gases – to bring them back to 1990 levels over the next 15 years – has been condemned by many as profoundly disappointing. Yet it is probably the best that could have been expected. And it will at least provide the rest of the world with a firm basis on which they can seek to negotiate a global agreement.

President Bill Clinton was caught in an impossible bind in attempting to come up with a reasonable proposal. He is personally convinced of the scientific case for drastic action to ward off the threat of global warming. But he faces powerful business and political lobbies adamantly opposed to any move in that direction.

His plan sounds much more cautious than the European Union call for emissions to be cut 15 per cent below 1990 levels by 2010. But in terms of the effort required by US industry, whose emissions are already some 14 per cent above the 1990 level, it is roughly equivalent. And equivalence of effort between the industrialised countries is probably the best that the UN climate conference in Kyoto in December can hope to achieve.

There will be no perfect solution. Much work is still needed to persuade developing countries also to make an effort to cut their industrial emissions, as well as countries like Australia, which see themselves caught in the middle. What is most important is to start the process of curbing emissions, and to make the targets realistic and achievable. In those terms, Mr Clinton's effort is not bad after all.

Six into four

The prospect that only three or four international accountancy firms might dominate a market worth $40bn (including consultancy services) raises disturbing questions. The most obvious is whether large international companies would have too restricted a choice of auditors to be sure of receiving excellent service at a fair price. An even more important issue is whether shareholders could be confident that company accounts would be audited with full professional rigour and objectiveness.

Competition authorities in London, Washington, Tokyo and Brussels need to bring these issues into sharp focus when considering the two mergers now proposed among the Big Six international firms. First Price Waterhouse and Coopers & Lybrand opened talks last month. Then, partly no doubt in reaction, KPMG and Ernst & Young announced this week that they were considering marriage.

This clearly would represent a big concentration of power in an international market effectively closed to smaller auditing firms. If the remaining two large partnerships, Andersen Worldwide and Deloitte Touche Tohmatsu, were driven to embrace, serious conflicts of interest could result. Already the four firms in merger talks audit the accounts of all but 12 of the FTSE 100 companies and 70 per cent of the top 50 US-based internationals. Many large companies employ an accountant which also audits one or more of its competitors.

Some value the expertise that an accountancy firm gains from dealing with several companies in the same industry. But others, less happy that their auditor will also peer over a competitor's accounts, need at least to be given the choice. Coca-Cola and PepsiCo for example, which had chosen different auditors, would find themselves with the same one if the E&Y/KPMG merger were consummated.

During the last phase of consolidation in 1990, when the Big Eight became the Big Six, the EU competition directorate commissioned a report which warned of future dangers. It advised that six international firms could provide adequate competition, but further reduction would create anxieties. These must now be addressed, particularly from the shareholders' point of view.

Auditing is much less profitable – and slower growing – than consultancy for all these firms. Indeed it is sometimes regarded almost as a loss leader for consulting. This has created a danger that accountancy firms might be less than aggressive (or more disposed to concede the benefit of the doubt) when conducting the annual audit. For an awkward auditor might stand to lose lucrative consultancy business.

For firms with a high international reputation, these are matters of degree and judgment – especially as they now face fearsome penalties for negligent auditing. Nevertheless any reduction in competition would be likely to reduce incentives to give shareholders a cast iron guarantee that the accounts are what they say they are. The competition authorities everywhere must therefore start from a strong presumption that six into four won't go.

Clearing the fog on Emu

Britain's position on the euro seeks to balance the politically desirable with the economically feasible, argues **Philip Stephens**

Solid shapes are at last visible through the mists of uncertainty. The fine detail of Britain's policy towards the single European currency awaits the imminent statement to the House of Commons from Gordon Brown, the chancellor.

This is the most momentous decision that Tony Blair's government will take. Even now, ministers and mandarins are agonising about words and tone. Yet for all the hyperactive spinning and speculation of recent days, the essential contours of the policy are now evident. So too is the thinking behind it.

Mr Brown expects to declare that Britain is to remain outside economic and monetary union during the lifetime of this parliament. On that central point, his several meetings with Mr Blair seem to have yielded accord. But before Britain's Eurosceptics dance a jig of delight or pro-Europeans slip into a familiar slough of despond, it must be said that this seemingly straightforward statement will carry a more nuanced message than newspaper headlines allow.

The plan, I think, is to couch the announcement in the most pro-European of terms – to suggest that standing aside from the single currency now will allow Britain better to prepare for membership later. Proof of good intent will be offered to Paris and Bonn. Many, in Britain as well as the rest of Europe, will scoff at the plausibility of such an approach. There is still a certain naivety at the heart of the government. Unquestionably, though, this is the strategy Mr Blair intends to pursue.

The recent fevered atmosphere in Whitehall has obscured other subtleties. In one guise, an announcement that Britain will not be part of the euro zone before a general election due at the latest in the spring of 2002 might simply be seen as a guesstimate of the probabilities – contentious perhaps, though hardly earth-shattering. But, alternatively and crucially, the proposition could be prescriptive rather than predictive – an enunciation of policy rather than simply a glance into a distinctly cloudy crystal ball.

It is on the line between these two interpretations that much of the discussion between Mr Blair and Mr Brown has probably focused. The chancellor believes that it should be more a statement of intent than of prediction. But where precisely on this line he will stand when he speaks to the House of Commons is, even at this 11th hour, the subject of some agonising.

Beyond the formal rejection of participation in 1999, Mr Blair seems wary of marking arbitrary dates on the calendar. It is never wise for a prime minister to shut down all his options. Pro-European ministers and business executives, meanwhile, are even now lobbying hard for the statement to be further qualified so as to read that Britain is "unlikely" to join during the parliament. My guess is that the final version will lean heavily in Mr Brown's direction, but that his words will still allow a deliberate ambiguity.

That is inevitable when taking a stance that has two seemingly contradictory aspirations: to reassure Britain's continental partners that the government's decision has been driven by pro- rather than anti-European instincts, while simultaneously providing for what Mr Brown has called "a period of stability without continuing speculation".

The Blair/Brown strategy – I call it that because if there has been a bust-up between the two men it has been well concealed from officialdom – starts with economics and ends with politics. Prime minister and chancellor both style themselves pragmatic Europeans, anxious to rebuild British influence in the counsels of the European Union but convinced there are formidable practical obstacles to early participation in Emu.

Their first assumption, now the received wisdom, is that the disjunction between the British and other European economies does not allow membership in 1999 or indeed in 2000. Publicly Mr Brown frames this judgment in terms of five "tests" of the national economic interest. In truth, the first four of them – the impact on jobs, investment and the City of London and the flexibility of markets – are Treasury window-dressing. All are susceptible to entirely subjective judgments. It is the fifth – the present disjunction between the British and European economic cycles – that counts. The gap between British and continental interest rates serves as the most visible sign of this basic problem.

Politics then kicks in. Mr Blair, we know, sees re-election for a full second term as central to his place in history. Once beyond the turn of the century, the government will be heading into an election that it might well want to call in the spring of 2001. By then, it is judged, it would be too hazardous to hold the referendum required to join a single currency. Much more sensible to present the case at the election itself or in a referendum immediately afterwards.

It is this *prediction* of the most likely outcome that drives the chancellor's desire to be *prescriptive*. If the practical prospect of membership this side of the election is anyway slight, he judges, why not make the best of it by snuffing out now the uncertainty over the government's intentions. In Mr Brown's mind, a wait-and-see policy would leave every act of economic policymaking over the next three or four years being tested against whether it might be the precursor of an imminent leap into Emu. A statement now would allow him to navigate the economy through calmer waters.

Here history plays its part. The Treasury is haunted by memories of the 1980s when Conservative governments were hobbled and then trapped by an open-ended "when the time is ripe" policy towards the exchange rate mechanism. Margaret Thatcher was finally pushed into joining when the time was wrong. In Mr Brown's view, an unequivocal stance now would also free the government from the debilitating uncertainty over the single currency that forever harried John Major's administration.

The effort to square this posture with Mr Blair's determination to remain a serious player on the field of European politics will form the second substantive part of Mr Brown's statement. Here the government intends to send three messages of reassurance. I suspect they were delivered in advance to Helmut Kohl, the German chancellor, during his talks with the prime minister earlier this week.

First, Mr Brown will declare that the government will be nothing but constructive during its EU presidency in the first half of next year. It may be standing aside, but it will act as diligent midwife at the birth of the single currency. Next, he will stress that the government's decision is grounded in practicalities rather than principle. It is concerned with practical economics rather than Eurosceptic politics. There is no ideological or constitutional barrier.

Finally, to reinforce that point, the chancellor will stress that, even as Britain moves to the sidelines, it will step up its preparations for eventual membership. Economic policy will be directed towards convergence. Industry will be well prepared against the day when the government can exercise its option to join. I would be surprised if Mr Blair had not already put studies in train to see if the euro might be accommodated as a parallel currency in Britain.

These then, subject to last-minute amendment, are the building blocks of the strategy on which prime minister and chancellor have now settled. But the act of enunciating a policy to end the frenzied speculation of the moment will not insulate the government from events. It wants to say different things to different people: to reassure voters that the pound is safe at least for the lifetime of this parliament, and to persuade its EU partners that this does not subtract from its commitment to Europe. But it can be sure that each audience will listen carefully to the message delivered to the other.

Mr Blair would argue that there is a fund of goodwill in Europe. Albeit for different reasons, neither Bonn nor Paris wishes to see his government pushed to the sidelines. If Britain shows good faith, it will retain its influence. I think here he badly underestimates the extent to which the first few years of the euro will shape both the politics and economics of the EU – and how, after so many years of prevarication, other governments want more from Britain than expressions of good intent. Other leaders see a prime minister at the height of his popularity and with an invincible majority. If he will not take risks for Europe now, will he ever?

Mr Brown, no doubt, will say that a new grouping of finance ministers drawn from the countries that sign up to the euro will not drain influence from the wider Ecofin council. But his confidence is belied by the Treasury's fevered efforts behind the scenes to secure some sort of voice on the new body. Over time, the loss of influence will be felt in the political as much as the economic sphere.

There is as much hope as expectation, too, in the promise that a clear position taken now will shield Britain's economy from the impact of a single currency. Mr Brown cannot stop the world and jump off for four or five years. Economic policy on one side of the English Channel cannot be conducted independently of that on the other. The chancellor may rid himself of uncertainty for a few weeks or months, but it will soon return.

It will not be long before sterling interest rate decisions are being driven by the euro, or before the pound's value forces itself back on to the centre stage of politics. Will Mr Brown, I wonder, find himself drifting into a policy of tracking the euro just as Nigel Lawson began to shadow the D-Mark?

It is easy to see why the government should seek to answer all the questions now. It wants to be seen as decisive where Mr Major's administration dithered, it wants to demonstrate that it is not wracked by the ideological divisions that still cripple the Conservatives. But Mr Blair cannot pre-empt a future that will be shaped by the euro. One way or another, he will be forced to respond to events. To borrow a phrase, there is no alternative to leaving the door ajar.

· OBSERVER ·

Top gun joins Herd

■ Reginald Bartholomew, one of the top troubleshooters in the US foreign service, has finally hung up his holster. The 61-year-old veteran of Beirut and Bosnia is taking his diplomatic skills to Merrill Lynch, where he'll be a London-based vice-president for international affairs.

During a 30-year career at the State Department, Bartholomew was never far from the line of fire. He spent much of the cold war sparring with Red Army generals over arms control, spent time in Lebanon during the bloody civil war and – 10 year later – served as special envoy to Bosnia. In between, he found time for less stressful postings and served as US ambassador to Spain, Nato, and finally Italy.

His last post in Rome underlined how much cold warriors have had to adapt to the new world of diplomacy. He joked that orders from Washington were more likely to concern export promotion than national security.

Still, all that commercial experience should come in handy now he's joined the thundering herd. One of his first tasks at Merrill Lynch will be to analyse the impact of Europe's single currency on capital markets and the City of London.

All right, investment banking isn't as hairy as nuclear weaponry. But a man's got to do what a man's got to do.

Thick skin

■ Not for the first time Vojislav Seselj – dubbed the "Red Duke" after leading Serb paramilitaries against Croats and Moslems – is in court. The man who's just come within a whisker of winning the Serbian presidency is charged with inciting a brutal attack on a prominent human rights lawyer. His defence – a banana skin, produced for the Belgrade court as evidence.

The incident took place in July when Seselj insulted the late father of barrister Nikola Barovic on a live TV debate, accusing him of being a Croat fascist. Barovic responded with a glass of water in Seselj's face and a few telling insults of his own.

Backstage, the lawyer suffered a severe beating and a broken nose – allegedly carried out by Seselj's bodyguard. Seselj joked at the time that Barovic has slipped on a banana skin – "several times".

The leader of the ultra-nationalist Radical party has been in hot water before in his long campaign for a Greater Serbia that would swallow up much of the Balkans. But this time, the joking may be over.

The trial was put off in July because of the looming presidential elections. But the ruling Socialists were aghast when Seselj actually beat their colourless candidate. He was only denied victory because the turn-out was so low.

Fresh elections are due in December – and rumour has it that the Socialists don't want to risk another slip-up.

Tip top

■ It been quite a year for Sallie Krawcheck. Just 12 months into the job, she's been voted top research analyst covering US brokers and asset managers in the prestigious Institutional Investor rankings. Strong recommendations of Morgan Stanley Dean Witter and Travelers Group – two star sector performers so far this year – helped 32-year-old Krawcheck beat a field of more established rivals.

A former investment banker with Salomon Brothers and Donaldson, Lufkin & Jenrette, Krawcheck moved on to the research side of Wall Street when she became a Mom. Looking for something "challenging but more predictable", she took a job with small brokerage Sanford C. Bernstein and moved onto her current patch only last October.

As one fund manager told Institutional Investor: "Sallie does lots of research, arrives at emphatic and actionable conclusions and doesn't back off." Just wait till she gets into her stride.

Home front

■ It may be more than 20 years since American GIs last roamed the streets of Saigon but there are plenty of reminders of the old days – girlie bars, battered jeeps on the boulevards and even traffic lights installed by Uncle Sam back in the 1960s.

Now there's another echo of the American way. A huge 5,000 square metre supermarket has just opened its doors in downtown Ho Chi Minh City – as it's politically correct to call it these days.

Its owners plan to sell western-style consumer goods to aspiring Vietnamese. They've called their new venture the PX Club, named after the military market that kept US troops supplied with all the comforts of home.

Strangest of all is the identity of the budding entrepreneurs behind the shiny new shopping mall: jolted into action by recent budget cuts, the venture's backed by the Vietnamese military.

The Financial Times 50 years ago

Drastic Dollar Import Cuts
Further drastic steps to reduce the dollar gap from £475 millions a year to £250 millions by the end of 1948 were announced in the House of Commons last night by Sir Stafford Cripps, Minister for Economic Affairs. In a sombre 90-minutes speech, Sir Stafford placed squarely before the House the grim task which faced the nation in the battle to reduce the dollar gap. To free steel, fuel and timber for exports it was necessary to curtail capital construction immediately by £200 millions. This covered housing, factories and any other kind of new building.

Gen. Smuts On Gold
Cape Town: General Smuts, South African Premier, stressing the role of gold in world commerce here last night, said: "Nothing could be worse for gold than to lie idle either in Fort Knox (U.S.) or in the South African Reserve Bank. That might eventually bring about the downfall of gold." General Smuts said capital was flowing into the Union and South Africa might easily become a "place of refuge" for capital. "It is part of our arrangement with the British Government to see that 'funk' capital is not coming to lie idle here," he said.

FINANCIAL TIMES
Friday October 24 1997

Madrid counters report hinting at budget overrun

By David White in Madrid

Spain's centre-right government rounded on its critics yesterday after a leaked report from the prime minister's budget office suggested the government had overrun its spending commitments by Pta600bn ($4bn).

Government officials rejected the report's allegations of "lack of budgetary rigour" and its warning that next year's deficit target could be "seriously in danger" unless the government raised taxes.

The report, written last month when the government was in the final stages of preparing its draft 1998 budget, found its way into the hands of the Socialist opposition, providing it with ammunition for this week's budget debate in parliament.

The 1998 budget bill, tailored to meeting convergence targets for the European single currency, yesterday passed its first stage with the rejection of amendments put forward by opposition parties. Countering the report's criticisms, the finance ministry published figures for the first nine months showing the central government deficit – which accounts for five-sixths of the estimated overall deficit – fell to 1.8 per cent of gross domestic product for the period, compared with 3 per cent at the same stage last year.

The report was described by its author, José Barea, as "a partial working document" which had been corrected soon afterwards. His later conclusion was that the 1998 budget "rigorously and coherently" fulfilled requirements.

One deputy from the ruling Popular party said Mr Barea had "put his foot in it once again".

Mr Barea, who held senior civil service posts under the Franco regime and subsequent centrist and Socialist administrations, was appointed by José María Aznar, the prime minister, last year to head a new budget office, loosely modelled on the US Office of Management and Budget.

This office, independent of the finance ministry, comes directly under the prime minister. Mr Barea's advice was probably influential in Mr Aznar's last-minute decision to trim plans for spending increases next year.

His leaked document complained of "the insufficiency of mechanisms to control the growth of spending". However, this was alleviated by a steep fall in interest rates, bringing lower debt-servicing costs.

Otherwise, Spain's ability to reduce its deficit to the qualification target for European monetary union of 3 per cent of GDP would have been in jeopardy. Since these circumstances would not be repeated in 1998, the report said, "the situation must be corrected".

Rodrigo Rato, economy and finance minister, denied any lack of control or risk to the deficit, forecast at 2.9 per cent of GDP this year and 2.4 per cent in 1998.

Nigeria looks set to leave the Commonwealth today

By Michael Holman in London

Nigeria's military regime, angered by criticism of its human rights record, is expected to announce its withdrawal from the Commonwealth today.

The decision, timed to coincide with the opening in Edinburgh of the biennial summit of the 53-nation body, is seen as an attempt to pre-empt a Commonwealth initiative to put pressure on General Sani Abacha, the country's military leader, and hasten the country's return to democracy.

Nigeria outraged Commonwealth leaders meeting in Auckland, New Zealand, two years ago when Gen Abacha ordered the execution of Ken Saro-Wiwa and eight other community activists.

Nigeria, Africa's leading oil producer and the continent's most populous nation, was suspended from membership, and a Commonwealth Ministerial Action Group was set up two years ago to monitor events in Nigeria.

The group is due to present its report today, but Chief Emeka Anyaoku, the Commonwealth secretary-general, said yesterday that the Edinburgh summit would not expel the regime.

Instead Commonwealth leaders were expected to call on Nigeria to fulfil its pledge to return the country to civilian rule by October next year, or face a package of measures including a visa ban, an arms embargo, an end to sporting contact, and a downgrading of diplomatic missions.

Earlier this week Nigeria had demanded that a delegation be given the chance to put the regime case to Commonwealth leaders.

"Nigeria should not be tried in absentia," Chief Tom Ikimi, Nigeria's foreign minister, said in a letter to Chief Anyaoku on Tuesday. "We have therefore concluded arrangements in Nigeria for our delegation to fly direct from Abuja [the federal capital] straight to Edinburgh non-stop and to arrive not earlier than one hour to the time of commencement of discussions on the Nigeria agenda item," the letter said. It added that the delegation would then leave.

Commonwealth officials said it was not possible; Britain said visas would be denied to members of the Abacha government, under limited European Union sanctions, if they tried to attend the summit.

Much of the Nigerian regime's anger is expected to focus on Britain, whose investments are worth over $4 billion, and whose sales to Nigeria, where oil exports of 1.3 m barrels a day make it a lucrative market, are worth nearly £1bn a year.

Commonwealth conference opens today, Page 8
Commonwealth leaders urge liberalisation at WTO, Page 6

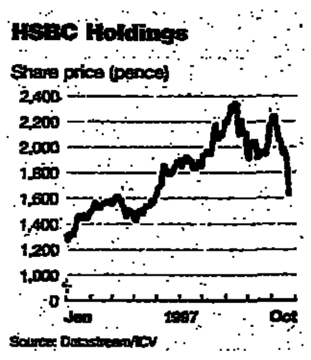
HSBC backs currency peg to US dollar

Continued from Page 1

prices – both shares and property values – are likely to put pressure on the volume of bank business and margins. Moreover, provisions against bad loans, which are significantly lower in Hong Kong than they are in Europe and the US, would be expected to increase.

Mr Aitken said that at the trough of a normal economic cycle in Hong Kong and south-east Asia, he would expect HSBC to have to increase provisions by close to £1bn. In the circumstances, it could be worse, he added.

Another analyst said yesterday: "It is nearly impossible to put an appropriate value on HSBC shares, since the situation is different if there is a prolonged defence of the dollar peg, or if the currency is allowed to free float. I think the least painful outcome for HSBC would be the latter."



Industry backs move to curb US use of trade sanctions

By Nancy Dunne in Washington

Legislation backed by the US industry coalition USA Engage was introduced in Congress yesterday as part of a campaign to curb the soaring use of economic sanctions by the US administration.

The bill would set a time limit on sanctions and require consideration of alternatives before they were imposed.

At the trade sub-committee hearing where the bill was introduced, Stuart Eizenstat, undersecretary of state, warned he would have to act against European companies investing in Iranian energy projects unless the European Union takes steps to deter Iran's support for terrorism and its efforts to obtain weapons of mass destruction.

Clayton Yeutter, the former US trade representative who is leading the fight for the legislation, said the use of sanctions had become "a fad". The US has imposed unilateral sanctions 61 times in about a fifth of its export markets, and 27 more sanctions proposals are under consideration.

The bill, introduced by Congressmen Lee Hamilton and Phil Crane and Senator Richard Lugar, would set a time limit on sanctions and require them to be terminated within a time span unless they were justified. It would ensure that the Congress and administration have complete information about the likely impact and economic and humanitarian costs of proposed sanctions and require an analysis of all options.

The legislation would not affect existing sanctions but establish a "more disciplined and deliberative process" for new ones. Mr Yeutter said in the majority of cases, US sanctions have failed to impose a significant burden on their intended targets.

"This reflects the tremendous expansion of global trade and the intense competition among exporters that exists today in virtually every industry," he said. "There are few goods, services or technologies that cannot be acquired from a wide variety of sources."

In his testimony Mr Eizenstat said the US should only resort to unilateral sanctions after diplomatic options have been pursued and failed.

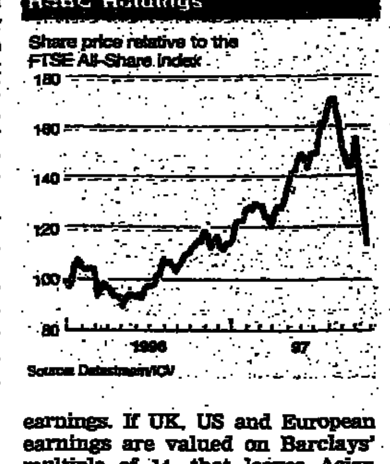
He is under pressure by some in Congress to impose sanctions against companies investing in Iran.

The US and EU have been at loggerheads for years over US use of extraterritorial sanctions against foreign companies. Recent clashes have centred on the Helms-Burton anti-Cuba legislation and the Iran Libya Sanctions Act.

THE LEX COLUMN

Painful peg

FTSE Eurotop 300 index
944.1 (-31.0)



Are the Hong Kong authorities right to be fighting to maintain the currency's peg to the US dollar? From a purist's perspective, this looks like macho economics. After all, pegging monetary conditions to the US – and hence keeping interest rates artificially low – has fuelled an asset price bubble. Moreover, with inflation persistently higher than in the US, the peg has contributed to an overvaluation of the exchange rate.

But although floating the Hong Kong dollar might make sense in future, doing so now would risk turning a crisis into a disaster. The peg has traditionally been an important source of stability and confidence. Scrapping it in the current febrile climate could lead to a run on the currency and a massive blow to confidence.

Hong Kong's vast foreign exchange reserves give it a good chance of beating the speculators – but are not, in themselves, an absolute guarantee of success. If local investors lose their nerve *en masse* and convert savings into US dollars, even the monetary authority would not be able to withstand the tide. So far, this is not happening. But the longer interest rates stay high and share prices fall, the more nerves will fray.

Hence, the importance of ending the crisis rapidly. One option is direct pressure on the big hedge funds not to bet against the currency or face a ban on investing in mainland China. The hike in rates should also help, making it harder for speculators to short the currency by borrowing Hong Kong dollars. Such sharp action could damage share prices in the short run; but it would be better than giving up the fight.

HSBC

No wonder Sir William Purves, HSBC's chairman, was yesterday singing the virtues of Hong Kong's currency peg. Currency panic has seen HSBC's shares plummet 18 per cent this week. Ironically, as a large net depositor, HSBC may benefit in the short term from the spike in interest rates. Longer term, though, Sir William's fears are justified; the abandonment of the peg, from a position of weakness, would be a devastating blow to Hong Kong's prestige. HSBC, as the territory's flagship stock, would probably feel the brunt of investor response.

Right now, the shares look cheap, trading on around 10 times 1998 earnings. If UK, US and European earnings are valued on Barclays' multiple of 14, that leaves Asian earnings on a multiple of about seven. HSBC has superior growth prospects, yet is trading at a discount of nearly 20 per cent to the sector. Moreover, with over 50 per cent of its earnings coming from outside Asia, diversity offers some protection.

The snag is the company faces two very different scenarios. If the peg stays, the economy will slow and bad debts rise. But sentiment will at least remain intact and the shares will represent a buying opportunity. If it goes, any economic benefits will probably be lost in the investor stampede. The odds favour the peg staying. But so long as the risk remains that it will not, there is little reason to buy.

Hilton Hotels

With ITT likely to slip through its fingers, what next for Hilton Hotels? While chief executive Steve Bollenbach deserves credit for not overpaying, ITT with its complementary hotel and gaming assets would have made a beautiful fit. Without it, the most obvious strategy is to continue buying US hotels. But with few sizeable targets left, these will have to be bitty takeovers. And prices are rising, not least because of growing competition from tax-efficient real estate investment trusts, like ITT's white knight Starwood Lodging. Gaming acquisitions would be easier. Hilton might even buy ITT's casinos off Starwood. But skewing its earnings too far in that direction could drag down the group's lofty rating.

There is a big deal out there, of course – a takeover of Britain's Ladbroke, which owns the Hilton brand internationally. At a 30 per cent premium to its current £3.4bn ($5.5bn) market capitalisation and adding in £700m of debt, Ladbroke would cost around $8.4bn. If a third party, such as Bass, bid for Ladbroke, Hilton would have to counter. But Mr Bollenbach is unlikely to take the initiative since the marketing alliance between the two groups is working well.

Nor is Hilton under immediate pressure. A strong hotel market and new casino openings should fuel annual earnings growth of 20 per cent for the next three years. But its balance sheet is certainly slack. If Mr Bollenbach cannot find other uses for the money, he should hand it back to shareholders.

UK power

Can the prospect of a review of Britain's arcane electricity pool plausibly explain a savaging of the generators' share prices? Seen in isolation, the stock market's reaction looks over the top. Yes, the pool is pretty eccentric. Its workings could usefully be refined. But it is far from obvious that this would have much, if any, detrimental impact on the big generators – not least since the bulk of their contracts are pre-negotiated outside the pool.

The problem with this consoling argument is that the electricity regulator, who is to lead it, plainly does not have such a narrow review in mind. He specifically plans to examine the far broader question of "the nature and extent of competition in generation and supply". And although his recent documents have shied away from using supply price controls to put pressure on the generators, one only needs glance at his July publication to see he remains concerned about their market power. This review gives him a better vehicle to do something about it.

Even if the regulator were to suggest tough remedies, of course, it does not follow the government would agree. And John Battle, the energy minister, gave no impression of a man on a competition crusade yesterday. Still, consider the politics; why should ministers resist a golden opportunity to crack down on fat cats in the interests of competition and the consumer?

Additional Lex comment on Abbey National, Page 23

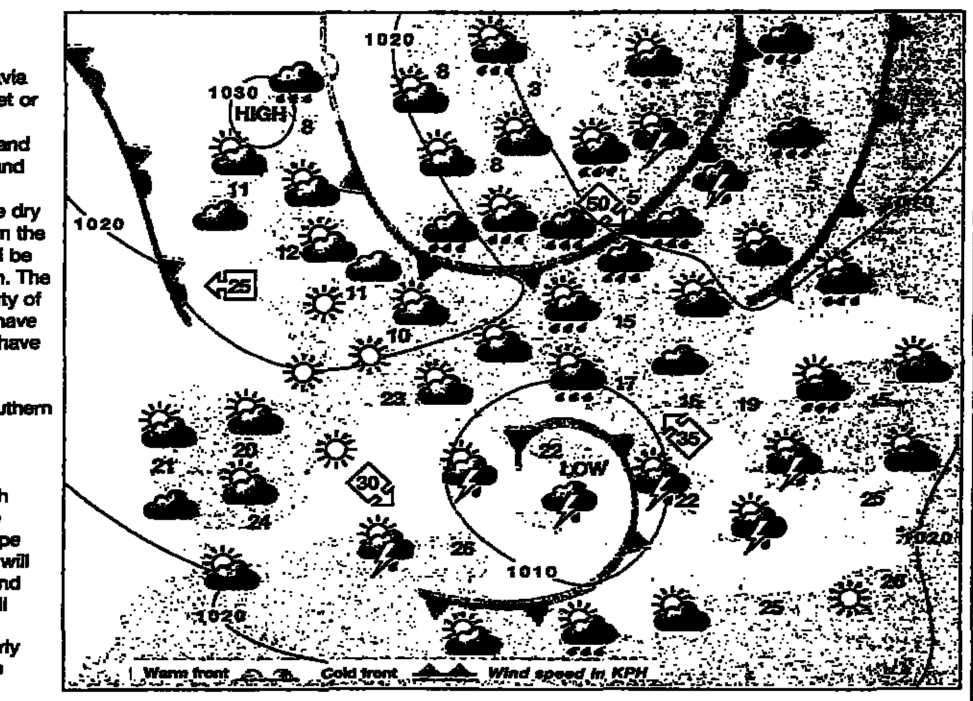
FT WEATHER GUIDE

Europe today

Northern and eastern Scandinavia will be cold and windy with sleet or snow. Southern Sweden and Norway will have sunny spells and rain showers. Eastern Europe and the Baltic States will also be showery. Central Europe will be dry at first but rain will move in from the north-east. Western Europe will be dry but foggy in places at dawn. The Iberian Peninsula will have plenty of sun but southern Portugal will have rain later. Italy and Greece will have sunny spells and showers with heavy rain and thunderstorms across western Greece and southern Italy.

Five-day forecast

Eastern Europe will be cold with hard frosts overnight and some snow later. South-eastern Europe and the eastern Mediterranean will become colder after the weekend but heavy thundery showers will clear. The central and western Mediterranean will have rain early next week. Central and western Europe will stay mostly dry.



Situation at midday. Temperatures maximum for day. Forecasts by PA WeatherCentre

TODAY'S TEMPERATURES

	Maximum\	Beijing	sun 13	Cardiff	fair 11	Frankfurt	fair 9	Madrid	fair 20	Rangoon	shower 31
	Celsius\	Belfast	fair 10	Casablanca	fair 24	Geneva	fair 10	Majorca	fair 22	Reykjavik	cloudy 7
Abu Dhabi	fair 35	Belgrade	cloudy 12	Chicago	rain 11	Gibraltar	cloudy 21	Malta	cloudy 25	Rio	fair 25
Accra	fair 31	Berlin	shower 6	Cologne	cloudy 8	Glasgow	sun 9	Manchester	fair 9	Rome	cloudy 22
Algiers	shower 24	Bermuda	shower 24	Dakar	sun 30	Hamburg	cloudy 6	Manila	shower 32	S. Frsco	sun 22
Amsterdam	fair 10	Bogota	fair 19	Dallas	sun 28	Helsinki	snow 0	Melbourne	sun 25	Seoul	sun 16
Athens	thunder 22	Bombay	sun 34	Delhi	fair 28	Hong Kong	fair 31	Mexico City	fair 22	Singapore	fair 32
Atlanta	shower 18	Brussels	cloudy 9	Dubai	fair 34	Honolulu	fair 30	Miami	fair 28	Stockholm	sun 3
B. Aires	shower 24	Budapest	fair 9	Dublin	sun 11	Istanbul	rain 19	Milan	fair 19	Strasbourg	cloudy 8
B.ham	fair 11	C.hagen	cloudy 5	Dubrovnik	cloudy 18	Jakarta	fair 32	Montreal	fair 8	Sydney	sun 23
Bangkok	thunder 35	Cairo	sun 27	Edinburgh	fair 8	Jersey	fair 14	Moscow	rain 3	Tangier	cloudy 23
Barcelona	sun 21	Caracas	fair 32	Faro	cloudy 21	Johannesburg	sun 23	Munich	cloudy 5	Tel Aviv	sun 28
						Karachi	sun 31	Nairobi	fair 25	Tokyo	sun 24
						Kuwait	fair 31	Naples	cloudy 19	Toronto	fair 6
						L. Angeles	sun 23	Nassau	fair 29	Vancouver	shower 11
						Las Palmas	fair 26	New York	fair 15	Venice	fair 17
						Lima	cloudy 23	Nice	fair 21	Vienna	shower 8
						Lisbon	shower 21	Nicosia	sun 25	Warsaw	cloudy 4
						London	fair 12	Oslo	sun 8	Washington	fair 18
						Lux.bourg	fair 7	Paris	sun 11	Wellington	fair 15
						Lyon	cloudy 11	Perth	shower 23	Winnipeg	sun -1
						Madeira	thunder 24	Prague	fair 6	Zurich	cloudy 8

FINANCIAL TIMES
COMPANIES & MARKETS

Friday October 24 1997

Week 43

INSIDE

Investors seek safety in bonds

The turmoil on equity markets sparked by a slide in share prices in Hong Kong saw investors switch out of equities into the haven of government bonds yesterday, pushing fixed income prices up across the main markets. Dealers said heavy activity in futures markets was matched by considerable cash activity. Page 24

Tanzania clears way for gold mine
The way has been cleared for completion of Tanzania's first large scale gold mine since the east African country gained independence from Britain in 1961. Financing was arranged for the Golden Pride open pit mine in the Lake Victoria gold fields district in the north west of Tanzania. Page 26

Texans take on Canada
Two Canadian corporations, MacMillan Bloedel, the country's largest forest products group, and Moore, the world's largest business forms maker, have announced dramatic shake-ups in an effort to restore themselves to profitability. It is no coincidence that a little-known, but powerful, Texan investment firm called TMI-FW holds shares in each corporation. Page 21

Report says aluminium prices to jump
Aluminium prices will nearly double by 2000 because the industry has underestimated demand in recent years and will not have enough production capacity, a new report suggests. Page 26

Big rise forecast in demand for rice
Explosive population growth in developing countries is likely to lead to intense pressure to produce more rice, according to estimates from the Manila-based International Rice Research Institute. Page 26

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CROSSWORD, Page 26

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Horten	229	+	2
Falls			
Allianz	410	–	31.4
Karstadt	571	–	29
Linde	1105	–	66
SAP AG	478	–	22
Viag	841	–	27
NEW YORK ($)			
Rises			
Brooke Grp	9¼	+	1⅝
Dril-Quip	35¼	+	12¼
Hexcel Corp	31½	+	1¾
Falls			
Acuson Corp	21½	–	5¼
Fst Data	29⅝	–	6¼
Stratus Comp	39¾	–	7¼
LONDON (Pence)			
Rises			
Ferguson Int	138	+	21
Save Group	98½	+	13
Falls			
Abbey Natl	929	–	39½
Mercury Asset	1318	–	82
Natl Power	488	–	48½
Pearson	775	–	49
TORONTO (C$)			
Rises			
Contrans A	10.5	+	1.0
Noma Ind A	5.7	+	0.45
PC Docs	9.1	+	0.85
Falls			
Corby Dist B	81.0	–	4.0
Draco Energy	109.0	–	6.25
Trojan Tech	21.15	–	1.35
PARIS (FFr)			
Rises			
Taittinger	2995	+	119
Falls			
Accor	1070	–	49
BNP	301.7	–	18.4
Chrstn Dior	850	–	47
Geophysique	870	–	31
Peugeot	750	–	33
TOKYO (Yen)			
Rises			
Calsonic	689	+	21
Falls			
Citizen Watch	847	–	33
Fuji Hvy Ind	486	–	36
Hino Motors	459	–	40
Mercian Corp	421	–	34
S'tomo Rubber	707	–	43
HONG KONG (HK$)			
Rises			
Beijing Ent	29.2	+	3.8
Cheung Kong	50.25	+	7.75
China Light	34.0	+	2.7
HSBC Hld (5)	188.5	+	29.5
Hang Seng Bk	70.25	+	5.5
Swire Pcfc A	41.3	+	5.6

Bangkok closed. New York and Toronto prices at 12.30pm.

Endesa seeks to calm Enersis row

Chilean power group manager fired for withholding information

By Elizabeth Love in Santiago and Tom Burns in Madrid

Endesa, the Spanish power conglomerate that completed a record $4.5bn public offer this week, was yesterday seeking to limit the damage of a boardroom battle at Enersis, the Chilean electricity group that is the cornerstone of its acquisition strategy in Latin America.

Rodolfo Martín Villa, Endesa's chairman, and Rafael Miranda, the group's chief executive, flew into Santiago hours after José Yuraszeck – who had negotiated Enersis' $1.3bn strategic alliance with Endesa – was fired as general manager of the Chilean group.

Mr Yuraszeck was dismissed after Chile's securities and insurance sector regulator fined him $33,000 for failing to fully inform the markets of all aspects of the agreement with Endesa.

Mr Yuraszeck, known in Chile as the "electricity czar" and the founder of Enersis 14 years ago, will be temporarily replaced by Juan Dominguez, the group's chief financial officer.

The battle cast a shadow over the sale by the Madrid government of a 25 per cent tranche of Endesa in Spain's biggest market disposal to date. Proceeds from the global offering were almost 16 per cent less than the minimum expected when applications for shares started at the begining of October.

Mr Martín Villa and Mr Miranda will deliver two messages to authorities in Santiago and to Enersis shareholders. The first is that the Spanish power group is willing to revise certain aspects of its alliance with the Chilean group and the second is that it considers the pact it forged with Mr Yuraszeck in August to be a "valid and established agreement".

Under the agreement Endesa bought 26 per cent of Enersis and set up Endesis, a joint venture that is 55 per cent owned by the Spanish power group. The group aims to capture 20 per cent of the Latin electricity market by 2000.

Mr Yuraszeck was due to take up one of two places on Endesa's board reserved for senior Enersis executives. He and others who had sold shares to Endesa were set to acquire a 5 per cent stake in the power group.

The controversy centres on the high profits earned from the transaction by Mr Yuraszeck and a 13-strong group of fellow executives who owned B stocks, which carry political rights, in Enersis.

They were paid $485 per share while holders of common A stock, which represents 99 per cent of Enersis equity, were paid $5 per share.

There is further concern in Chile over the fine print of the joint venture between the two power groups. It is alleged that Chileans would have to sell their Endesis stock to Endesa at book value, instead of market value, if the Spanish power group risked losing control of the venture.

The issue is a sensitive one as Enersis has absorbed a high proportion of the investment by Chile's pension funds and there is concern that national savings could be endangered by the deal struck with Endesa by Mr Yuraszeck.

Rothschild wins SEC support on non-dollar fund

By Jane Martinson, Investment Correspondent

Rothschild Asset Management, the family-owned private business, has won approval from US regulators to operate the first money market fund denominated in currencies other than the US dollar.

The breakthrough ruling by the Securities and Exchange Commission will allow US investors to invest in mutual funds denominated in sterling, Deutschmarks and the Canadian dollar.

US money market funds manage $1,030bn, most of which comes from retail clients. Until approval was given earlier this week mutual funds could invest in non-US securities such as certificates of deposit or repos but they had to be dollar-denominated.

Laura Klipp, a Rothschilds manager in New York, said the SEC approval would be "revolutionary" for the international fund management industry in the US.

However, the company aims to operate in a relatively small part of the mutual fund market – it aims to attract institutional money from US companies which have overseas earnings.

The company believes its potential share of this niche market could increase to about $3bn. Paul Freeman, a director of Rothschild Asset Management, said: "The potential [for this fund] is huge." The International Currencies Fund which it launched in the US six months ago currently manages about $300m.

The Rothschild funds, which trade under the Five Arrows name, provide a way of investing short-term cash reserves in the four currencies and effectively act as a securitised bank account.

The group's international arm launched its money market funds earlier this year to take advantage of the growing fears about stock market valuations and increased liquidity in the main equity markets.

Mr Freeman said the main advantage for companies using the Rothschild vehicle was that it offered an alternative to existing banking facilities with cheaper money market rates.

Car parts group set for $162m Brazil deal

By Andrew Edgecliffe-Johnson

LucasVarity is hoping to become the latest automotive supplier to increase its investment in Brazil, after saying yesterday that it is negotiating to buy the 66 per cent of Freios Varga which it does not already own.

The UK company is expected to pay between £100m ($162m) and £110m for the rest of the voting shares in Brazil's largest brakes manufacturer. It is not bidding for the company's preference shares, which are worth an estimated £30m but carry no voting rights.

Analysts in London welcomed LucasVarity's decision to increase its presence in Latin America, where car sales are forecast to grow by more than 10 per cent a year for the next five years, in contrast with relatively flat markets in the developed world.

Brazil was the world's seventh-largest car market last year, when vehicle sales in Brazil and Argentina were on a par with the UK at 2.1m units. Car parts groups including T&N and GKN of the UK, Mahle of Germany and Magnetti Morelli of Italy have expanded to Latin America, Eastern Europe and Asia to follow their customers.

The deal would increase the turnover of LucasVarity's braking systems division by about a tenth. The division, which accounts for a third of the UK group's turnover, made sales of £1.55bn in the year to January 31 1997, compared with Freios Varga's $267m (£165m) sales in 1996.

Negotiations with Varga Participacoes, the family-controlled group which holds the 66 per cent stake, have only just begun, and may take up to three months to complete, analysts estimated.

Freios Varga, with which LucasVarity also has a number of joint ventures, is seen as having closer links to Volkswagen, the largest foreign car manufacturer in Brazil, than LucasVarity does.

The Brazilian group recently won a contract to supply brakes for Mercedes-Benz A-class compact cars. It exports to Ford, General Motors and Chrysler, and has contracts with Toyota, Peugeot and Renault. Its partnership with Lucas Industries, which merged with Varity Corporation in 1996, dates back to 1971.

Merrill Lynch analyst Paul Compton said: "Strategically this is a great deal. Freios Varga has relatively good operating profit margins of 8 per cent to 9 per cent."

LucasVarity is expected to introduce advanced braking systems (ABS) technology to Freios Varga if the deal goes ahead. Analysts were divided over whether other manufacturers will bid for the stake, but most assumed that LucasVarity's existing stake would deter rival bidders.

The deal would also change the geographic split of LucasVarity's sales. At present, 66 per cent of its turnover comes from the UK and continental Europe, 28½ per cent from North America, and 5½ per cent from the rest of the world.

LucasVarity's critics have argued its earnings growth prospects depend too heavily on cost-cutting, and its shares have badly underperformed the sector since the merger.

Jan Hommen, Philips' new chief financial officer (left) and the group's UK executive vice-president Dudley Eustace yesterday Reuters

Philips announces $760m disposal

By Gordon Cramb in Eindhoven

Philips is to sell its car audio and navigation equipment division to Mannesman in a Fl 1.5bn ($760m) deal that marks the departure of the Dutch electronics group as a main supplier to the automotive industry.

"The transaction is a further step in focusing our business," said Cor Boonstra, Philips president.

The group announced the disposal while presenting third-quarter profits nearly six times higher than for the same period of 1996 – evidence of the turnround Mr Boonstra has achieved since taking on the top job a year ago.

Net earnings were Fl 721m, compared with Fl 123m, and enhanced by a Fl 711m extraordinary credit from the sale of shares in associates. Philips shares fell Fl 9.80 to Fl 160.20 on an Amsterdam market hit by the world equities shake-out. "Nice numbers at the wrong moment," said ABN Amro Bank.

Mannesman, the German engineering and telecommunications group, will acquire an initial 65 per cent of Philips Car Systems, with the remainder changing hands after two years. The Philips brand will stay on the products for five years. PCS, itself based in Germany, makes some 4m car radios a year, accounting for about three-quarters of sales which for 1997 are projected to reach DM1.5bn. The rest comes from in-car route-finding equipment and components such as sensors. It will become part of VDO, a Mannesmann division producing vehicle instruments, control and fuel systems.

Mr Boonstra said Philips wanted to retain a role in the automotive market, but as a second or third tier supplier of lighting and other components. But as car makers increasingly demanded integrated dashboards, PCS had become a business-to-business rather than consumer operation. "Thus it has only limited potential to support the Philips brand," he said.

He has spent the past year shedding loss-making and peripheral activities, and finding partners for those which, like PCS, made profitable branded products but required too big an investment to ensure strength in their sector.

Philips' holding in NavTech, which develops databases for navigation equipment, is unaffected by the PCS sale.

Long-term moves, Page 20

Two Australian exchanges set to be screen-based

By Elizabeth Robinson in Sydney and Samer Iskandar in London

Two Australian exchanges are to scrap their trading floors in favour of electronic trading, confirming the recent trend of growing commitment to screen-based trading by some of the world's leading markets.

The Sydney Futures Exchange yesterday said it would end open outcry and move to a screen-based system in 1999, while the Australian Stock Exchange plans to close its last trading floor by February.

"Electronic trading provides a range of opportunities to SFE and its members, which are not readily available in a floor environment," said Les Hosking, its chief executive.

Colin Scully, the ASX's national director for derivatives, said the change would end the anomaly of Australian equities being traded electronically on the Seats system, which was introduced when the six state exchanges were merged in 1987, while equity options continued trading on the floor.

Proponents of open outcry claim the system offers greater liquidity – the ability to trade large amounts – than electronic trading, which is cheaper.

But liquidity on electronic systems is gradually catching up with open outcry.

Yesterday the Chicago Board of Trade, the world's largest derivatives exchange, said its after-hours electronic system had set a record with 117,404 contracts traded – almost double the previous record of 60,815 contracts in August.

This week German bond futures were for the first time traded more actively on the electronic system used by Deutsche Terminbörse, the German exchange, than in open outcry on the London International Financial Futures and Options Exchange.

Last month the French, Swiss and German derivatives exchanges announced a link-up offering their products on a single electronic platform.

The ASX also expects its decision to attract foreign trading houses and has already had 10-12 inquiries, but direct international access remains limited by the regulatory framework. Its new system, Derivatives Trading Facility, is based on a platform by OM Technology, which operates the Swedish derivatives exchange, as well as the options markets in Austria, Milan and Hong Kong.

Mr Scully said the move to electronic trading would give the exchange "a good platform to consider international linkages and market access".

The SFE said its after-hours electronic trading system, Sycom, would replace pit trading in early 1999, subject to members' approval. Last year trading on Sycom reached more than 3m contracts, or 16.3 per cent of SFE volumes.

For the past two years Sycom has operated a link with the New York Mercantile Exchange. Mr Hosking said links with other exchanges would be possible under the new system.

Bad omens for Japan's 'big four'

The sokaiya racketeer scandal is not the only problem to beset the country's broking houses

The picture is grim - but it will get grimmer. That would seem to be the message from Japan's brokers yesterday as the sector unveiled a series of poor half-year results and analysts warned that the second half could be worse.

As Betsy Daniels, of Morgan Stanley, says: "In the second half of the year the big brokers will come under penalties. And in the medium term, the outlook is pretty negative."

The first half year was downbeat. Nine out of the 10 medium-sized brokers reported recurring losses – in sharp contrast to their earlier projections of widespread profits. For several brokers, this was the third or fourth year of losses.

Among the "big four" brokers, Yamaichi also reported a loss.

Although the other three reported profits, the level fell compared to the same period a year before: Nomura, Daiwa and Nikko recorded drops in profits of 29.4 per cent, 33.6 per cent and 90 per cent, respectively.

Tough times for brokers

Half-year pre-tax profit/loss (Ybn)	First half 1997	First half 1996
New Japan Securities	[illegible]	[illegible]
Sanyo Securities	-4.2	1.6
Okasan Securities	[illegible]	[illegible]
Dai-Ichi Securities	-4.0	-0.5
Kankaku Securities	[illegible]	[illegible]
Wako Securities	-3.6	-1.1
Yamatane Securities	[illegible]	[illegible]
Cosmo Securities	-1.8	-0.8
Tokyo Securities	[illegible]	[illegible]
Kokusai Securities	2.3	3.6
Nikko Securities	[illegible]	[illegible]
Daiwa Securities	19.0	28.5
Nomura Securities	[illegible]	[illegible]
Yamaichi Securities	-2.7	6.4

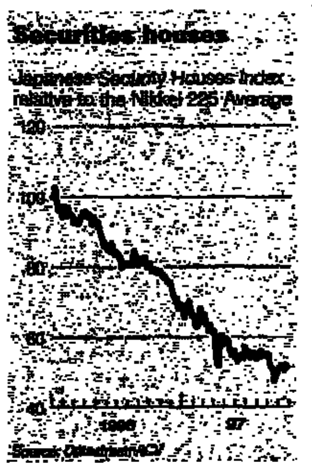
Source: Companies

To some extent, this reflected the recent *sokaiya* racketeer scandal. Nomura, for example, has been banned from parts of the domestic market for several months – and as a result saw its share of the Tokyo stock exchange fall from 11.3 per cent a year earlier to 5.4 per cent in the first half of this fiscal year.

But the *sokaiya* issue did not explain all the problems. Although Nomura has been the main company affected by the scandal so far, it reported the smallest decline in profit of the "big four". Meanwhile, Daiwa and Nikko have only been dragged into the episode recently, and have so far faced no administrative penalty and only a limited client exodus.

This implies that the real blow from the *sokaiya* scandals is likely to come in the second half of the year. However, it also indicates that the brokers' problems now stem as much from underlying business pressures, as the *sokaiya*.

Securities houses



Source: Datastream/ICV

Commission revenues, in particular, are being badly squeezed. Although the total value of the stocks traded on the Tokyo stock exchange was 14 per cent higher in the first half of the year, equity broking commissions fell sharply at all the brokers except Daiwa (although that house saw a striking decline in bond commissions). The result was a 10.1 per cent fall in operating revenue at Yamaichi, 16 per cent at Nikko, 22.5 per centat Nomura, and 5.4 per cent at Daiwa.

This partly reflected a decline in the level of lucrative small lot orders, the companies said. But it may also reflect new foreign competition.

Similar pressures appear to be working on the medium-sized brokers. Although many had hoped to gain market share from their larger rivals as a result of the *sokaiya* scandals – which have so far only affected the "big four" – most have also seen commissions fall sharply.

The smaller groups blamed the stock market weakness for their problems, which had led smaller investors to shun the market.

But on top of this, the brokers had been dealt a bitter blow when their plans this year to expand foreign currency bond business – and, in particular, the so-called "dual currency" bonds – were derailed by the sudden rise in the yen this summer. The fall in the stock market had also left the brokers recording large appraisal losses on the values of equity they hold.

In public, most of the smaller brokers remain eternal optimists: many yesterday forecast that they would return to profit. But neither the analysts nor stock market would appear to agree.

In the next two years, commissions are due to be deregulated. The companies said they planned to offset this by moving into new businesses, such as investment trusts, but few expect this to be an easy source of profits – not least because banks are moving into this area. As James Fiorillo, analyst at ING Barings, says: "Over the next year it looks as if things will go from bad to worse."

Gillian Tett

BMW plans to lift Asia sales to 25% of total

By Michiyo Nakamoto in Tokyo

BMW, the German luxury carmaker, aims to increase sales in Asia from 10 per cent to 25 per cent of the group's total, said Bernd Pischetsreider, chairman.

The company believes that the Asian currency crisis is a temporary phenomenon that does not fundamentally change the region's growth trend.

BMW has seen unit sales rise 21 per cent year-on-year in Asian markets, excluding Japan, and 4 per cent in Japan in the first nine months of this year.

"We still think there is no reason to change our medium-term and long-term plans for the Asian market," Mr Pischetsreider said in Tokyo yesterday.

"We have had the most successful year in Asia," added Lüder Paysen, group executive of the sales division.

BMW has suffered, with other carmakers, from the Thai currency crisis, which has taken vehicle nine-month sales in Thailand down by 47 per cent from 2,885 to just 1,529 units. Sales in Korea also suffered a 16 per cent drop to 980 units over the same period.

However, sales in Indonesia rose more than 47 per cent, and in Hong Kong they were up 32 per cent. The company now commands a 10 per cent market share in Indonesia, Mr Paysen said.

Meanwhile, sales in China rose threefold from a small base of 483 to 1,514, which more than made up for the falls in other markets, he noted.

BMW still plans to set up a manufacturing plant in the region, but not while there are still trade barriers between countries within the region.

"We still think that some day we must have a manufacturing facility in the region, but this is not going to happen until the trade restrictions" are lifted, Mr Pischetsreider noted.

The restrictions mean that even if BMW were to manufacture in one Asian country, it could prove just as expensive to send cars to a neighbouring Asian country as it to export from Germany.

The Asian region's instability was also a concern, said Mr Paysen. Within the past three weeks, the import duty in Thailand has risen from 40 per cent to 80 per cent. Malaysian import duties went up from between 40-50 per cent to 80 per cent.

"There isn't enough political and economic stability so we really can't tell how much we are going to invest in the region, but can only say that we are going to invest," he said.

BMW has suffered in the Japanese market as a result of increased competition. "We have become a me-too product among the imports" in Japan, Mr Paysen said.

"Today, this market is completely open," Mr Pischetsreider noted. The company aims to improve its position in Japan by expanding its dealer network.

Although success in Japan is extremely costly and time consuming, importers are likely to take 30 per cent of the Japanese market. "To me it's only a question of time," he said.

AP

Supermodels: BMW yesterday unveiled its new Z07 sports car at the Tokyo motor show

QBE warns of fall-out from currency declines

By Elizabeth Robinson in Sydney

QBE, the Australian general insurer, yesterday announced a 34 per cent rise in first-quarter net profits to A$38.1m (US$26.9m) and warned that the Thai, Indonesian and Malaysian currency declines would affect its business.

David Burns, chairman, told the annual meeting: "There will be some fall-out and effect on our insurance business in these areas as the economic consequences of the downturn become more apparent."

However, he added that the premium income from the three countries represented less than 7 per cent of QBE's insurance business.

Mr Burns suggested that the falling currencies could provide opportunities for QBE to expand in Asia through acquisition.

It hopes to start business in the Philippines this year and has agreed to a joint venture in Ukraine.

Net earned premium in the first quarter rose 32.9 per cent to A$407m and Mr Burns forecast full-year growth of at least 15 per cent. Last year, net earned premium rose 23 per cent to A$1.39bn.

He also predicted that growth in premiums would outstrip cost increases, although the group would pay higher tax because of increased profits in Australia. The company is to make a one-for-four bonus share issue, its tenth in 15 years.

Mr Burns also paid tribute to John Cloney, who is to retire as chief executive in January, calling his record over the past 16 years "truly phenomenal".

Mr Cloney will be replaced by Frank O'Halloran, director of operations.

● AAPT, Australia's third largest long-distance carrier, said its A$76m initial public offering closed yesterday oversubscribed, Reuters reports from Sydney.

AAPT issued 41m shares or 16 per cent of its issued capital, at A$1.85 each. The offer was underwritten by ANZ Securities.

The shares are set to be listed on November 10, seven days ahead of its telephone carrier rival Telstra, which is raising up to A$14bn for the Australian government through a one-third float.

ASIA-PACIFIC NEWS DIGEST

Mazda not told about Kia rescue

Henry Wallace, president of Mazda, the Japanese carmaker which has an 8 per cent equity stake in the troubled Kia Motors, said he had not been consulted about the South Korean government's decision to nationalise the company. Mazda has also supplied most of Kia's technology.

The South Korean government announced on Wednesday that it would nationalise the group, the nation's third-largest carmaker, and sell its truck division – a reversal of its decision not to rescue the group. The move prompted a walk-out by Kia's management and workers.

The country's labour unions have said they will fight the decision and have threatened to call a series of nationwide protests.

Mr Wallace said he had not had time to consult with colleagues at Ford, which owns 10 per cent of Kia and is the controlling shareholder in Mazda, as events had moved so fast.

"I guess we need to see where this ends in terms of the shareholders. It's hard to fathom out where it will finish at present," he said.

Apart from its equity and technological interest in Kia, Mazda also has several licence agreements with the company. Many of Kia's vehicles are derived from Mazda products.

"I obviously have a concern how we protect our investments and protect our interests," he said.

Mr Wallace said Mazda was basically "neutral" about whether ownership of Kia would pass to another Korean carmaker. He said Mazda would not be concerned even if the government allowed the company to be bought by Samsung, the Korean electronics group which is expanding into the motor industry.

However, a takeover by Samsung would be widely seen as contrary to Mazda's interests. Samsung has signed a technology deal with Nissan, Japan's second-biggest carmaker, and any control over Kia's destiny would be viewed as ultimately detrimental to Mazda's interests, analysts said.

Haig Simonian, Tokyo

■ PC SOFTWARE

Softbank cuts Kingston price tag

Softbank, the fast-expanding Japanese PC software distribution and publishing house, said the price it is paying for Kingston Technology, the US memory board maker, has been cut to $1.17bn, from the originally agreed $1.51bn, due to Kingston's weaker-than-expected performance.

Softbank said it had already paid $1.17bn to Kingston shareholders in line with the original contract, so the new agreement meant it did not have to make an outstanding payment of $333m.

Kingston's revenues totalled $620m in the six months to June, falling short of its business projection by 9.7 per cent, Softbank said.

As part of the new deal, Softbank is now obliged to pay $450m to the former shareholders if Kingston posts average earnings before interest payments and taxes of $300m between 1997 and 2004. It will also pay this amount if Softbank is able to sell 100 per cent of Kingston at a price exceeding $1.8bn and or if Kingston's capitalisation exceeds $1.8bn at any public offering price.

Separately, Masayoshi Son, Softbank president, said his company's share price was too low considering its asset value. "There's a big difference between the market capitalisation and the Softbank's group's real asset value," he said.

He added that Softbank had spent more than Y400bn ($3.31bn) in acquiring US companies over the past few years. The asset value of these had now grown to Y600bn-Y800bn, thanks to profits earned by the companies and the yen's depreciation.

AFX-Asia, Tokyo

■ MEDIA

News Corp begins buy-back

News Corporation, the media group, said yesterday it was set to begin a buy-back of up to 209.7m of its preferred limited voting ordinary shares, at a total cost of up to A$1.3bn (US$918m).

The buy-back of up to 12 per cent of the company's total preferred shares would take place over six months beginning on November 10.

Stockbroker J.B. Were and Son would act on News' behalf to acquire the shares. News foreshadowed the buy-back in its June results statement, citing cash in excess of its immediate needs.

Reuters, Sydney

Hutchison sells out of P&G venture

By Louise Lucas in Hong Kong

Hutchison Whampoa, the Hong Kong conglomerate, is quitting its China joint venture with Procter & Gamble, and selling its stake to the US consumer products group for an initial US$650m.

The joint venture produces a range of personal care and paper products.

A new multi-product manufacturing plant in Tianjin is being built and is scheduled for completion late next year.

Under the terms of the deal, P&G is able to increase its ownership from 69 per cent to 80 per cent by early next year, by exercising initial options, and to assume immediately full management control.

P&G will pay $650m for the initial options, and can exercise further options over the next 20 years, allowing it to assume full control of the venture in 2017.

Hutchison will take an exceptional profit of $186m this year and $434m in 1998 from the deal.

The joint venture was forecast to contribute HK$54m to Hutchison's profits this year, according to Merrill Lynch, accounting for 4 per cent of the retail division's profits.

The operation is one of three retail and manufacturing activities which Hutchison runs in China.

Currency turmoil puts Petron in red

Petron, the Philippines' biggest oil refiner, reported a third-quarter net loss of 830m pesos ($23.9m) as the depreciation of the currency eroded earnings, agencies report.

Petron said the loss was due to the fact that it was unable to raise prices to offset the impact of the depreciation on the cost of imported oil. On October 7, the country's Supreme Court issued an order preventing oil companies from adjusting petrol prices within 30 days.

The company added that it expected "further losses" as a result of the court decision, which is due to be lifted on November 6.

Net income for the first nine months fell nearly 50 per cent from 2.74bn pesos to 1.45bn pesos. Sales volume increased 4.2 per cent to 45.6m barrels.

Mayenne Katimbang, research chief of Magnum Securities, said that even without the restraining order, Petron was "still losing money since the peso has sharply depreciated after their previous adjustments".

In August and September, Petron raised its prices by an average of 0.54 pesos per litre, based on exchange rates of 28.50 and 31.65 pesos to the dollar.

'Chainsaw' Al may sell revived Sunbeam

By Richard Waters in New York

The latest chapter in the career of America's best-known corporate turnround artist may be coming to an end, following the news yesterday that Albert Dunlap is investigating various options for Sunbeam, a maker of kitchen and other appliances, including a possible sale of the company.

Mr Dunlap, widely known as "Chainsaw" Al, was brought in as chairman 15 months ago to revive the fortunes of the loss-making company.

Yesterday, he signalled this job was now complete as the company appointed Morgan Stanley, the investment bank, to look at "strategic alternatives" for its future. While he said this could involve an acquisition, a merger or a sale, Mr Dunlap's previous track record suggests that he will now push for a sale to reap the benefits from his restructuring.

Sunbeam shares showed a further $5⅝ rise yesterday morning, to $48⅝. When Mr Dunlap arrived, they were trading at less than $13. That sharp climb promises to bring him a considerable personal fortune, though he was quick yesterday to say that it would also benefit all employees, who had been given stock options, and board members, who were paid in stock.

While a sale was considered the most likely route, the leap in Sunbeam's shares could add another dimension to Mr Dunlap's career, according to some Wall Street analysts yesterday: he now has a powerful currency that he could use to make acquisitions of his own.

Mr Dunlap's first moves at Sunbeam involved cutting its workforce, the practice that has earned him his nickname. The company now has 6,000 workers, half the number who were employed when he arrived: some 3,000 were shed when Sunbeam sold a division.

Mr Dunlap said yesterday that, without this drastic cutting, "they would all have lost their jobs because we'd have gone bust."

In recent months, though, Sunbeam has been projecting a different image of "Chainsaw" Al to the world: that of the corporate builder, bent on reviving the company's tired brands, and introducing new products and international sales channels to put it on a growth path again.

Mr Dunlap's best-known assignment before Sunbeam involved the turnround and sale of Scott Paper, where his reputation as an axeman was sharpened. "Because that [the job cuts] was such a huge story, people ignored the new products," he said.

The greater attention paid to his attempts to rebuild Sunbeam, he added, reflected the fact that the company's products are more easily understood. Over the past year, Sunbeam has pushed through what Mr Dunlap claims is the first redesign of its blenders and mixers for 25 years, while adding new appliances like air and water purifiers.

While not confirming that he planned to sell Sunbeam, Mr Dunlap, 60, said he believed he has time for one more big corporate turnround before his career ends.

Smith gets his chance to shine

By Christopher Parkes in Los Angeles

New orbit: Michael Smith, chairman and chief executive of Hughes Electronics AP

Michael Smith, named this week as chairman and chief executive of Hughes Electronics, has won a chance to shine after more than 25 years in mostly low-profile jobs within the General Motors empire.

Even in his previous five years as head of the aircraft division, his position was overshadowed by Michael Armstrong, now hired away to run AT & T.

Mr Smith, accountant brother of the General Motors chairman, John, must first complete the Hughes restructuring initiated under Mr Armstrong. He will be helped by Charles Noski, who is returning as Hughes president only weeks after giving up his Hughes vice-chairmanship for the chief financial officer's job at defence contractor United Technologies.

The new team's opportunity to excel will come after defence and automotive divisions are split off: Delco vehicle parts to the GM Delphi division, and military contracting to Raytheon.

This leaves telecommunications and space, which last year accounted for little more than one-quarter of Hughes' revenues, but which industry experts see as one with the most potential in the GM group.

Mr Smith said his long-term objective was to grow the company at 20 per cent annually for the next five years. Already world leader in satellite manufacture, it is set to profit from a boom in telecoms which is expected to lead to as much as $50bn in capital investment in the medium-term.

After the recent addition of a majority stake in the PanAmSat satellite group, Hughes is also a top-ranked space services provider.

Its DirecTV satellite broadcasting division, which has grown rapidly since its launch in 1994, claims a share of about 50 per cent in the US digital satellite TV market which is challenging the predominance of land-based cable providers.

Some analysts said they doubted if Mr Smith had the marketing and entrepreneurial experience to maintain this lead in an overcrowded sector which has five competing companies. But others suggested there would be little danger, provided he allowed Eddy Hartenstein, who has run DirecTV from launch, a free rein.

MCI reports $182m loss

By Richard Waters

MCI Communications yesterday reported a loss for its latest quarter, reflecting a deterioration in its core long-distance business over the summer and a one-off charge to earnings of more than $515m.

The news came as shares in WorldCom, the telecoms company that has made a $30bn all-stock bid for MCI, dipped below the level at which the value of its offer is guaranteed.

WorldCom's stock fell $7/16 in early trading to $33⅞, below the $34 at which it has said it will guarantee the value of its offer for MCI. That decline may strengthen the hand of GTE, which has made a $28bn cash offer for MCI.

WorldCom and GTE both said yesterday they had signed confidentiality agreements covering talks that both have started with MCI and British Telecommunications. The UK carrier itself signed a merger agreement with MCI a year ago.

MCI's latest quarterly earnings reflected a slowing in its core long-distance operations this year, in part because it has directed more efforts to trying to develop its newer local calling business.

Losses from local services, meanwhile, reached $189m, despite a decision to scale back spending after July's surprise announcement about the scale of likely losses in this area.

Revenues from long-distance calling slipped to $4.3bn, despite a 6 per cent rise in volume, reflecting efforts by the Federal Communications Commission to cut local access charges.

Overall revenues in the quarter fell 0.5 per cent to $4.8bn. The company also took a $515m charge, mainly to cover the costs of "exiting and restructuring several business contracts".

That resulted in an after-tax loss of $182m, or 26 cents a share, for the quarter, compared with a profit of $304m.

AIG rise ahead of Wall St forecasts

By John Authers in New York

American International Group, the largest US general insurer, yesterday announced third-quarter profits ahead of Wall Street expectations, but badly affected by foreign exchange movements in south-east Asia.

Total profits were up 14.9 per cent on the equivalent quarter of 1996 at $840.3m, with earnings per share gaining 14.4 per cent to $1.19, three cents ahead of consensus Wall Street expectations, as reported to First Call, the research group.

AIG has the largest business outside the US of any American insurer. It reported premium growth in foreign general insurance of 5.7 per cent in local currency terms, but only 0.4 per cent in US dollar terms.

In life assurance, premium growth of 17.3 per cent in local terms was only 12.1 per cent in dollar terms.

Hank Greenberg, chief executive, said: "Foreign exchange issues continue to impact our top-line life insurance results, particularly in south-east Asia. However, in those south-east Asian currencies that have devalued, we began an immediate programme to market increased benefits to our life insurance clients."

He added that the foreign exchange impact in these countries had "created new investment opportunities for AIG", because higher interest rates had resulted in increased spreads.

He also stressed that AIG would continue its strategy of international diversification. This confirms its bearish outlook for the US market, where premium growth has been stagnant for the past decade, with commercial rates, in particular, held artificially low by heavy competition.

Mr Greenberg said: "The competitive environment in the domestic commercial insurance marketplace remains unchanged, as does AIG's strategy for this sector. The US property-casualty industry is writing business at an historic low ratio of premiums to surplus, a clear indicator that considerable excess capacity continues to exist."

The company was helped by the lack of any serious weather "catastrophes" during the quarter. It also launched several new overseas ventures, including two in Brazil, and one in Japan.

By mid-session, AIG shares fell far more in percentage terms than the rest of the market, down $4½, or about 4 per cent, at $107 7/16.

Texans take aim at Canada

Bass family behind shake-ups at Moore and MacMillan Bloedel

Two prominent Canadian corporations have this week announced dramatic shake-ups in an effort to restore themselves to profitability.

The recently appointed chief executive of MacMillan Bloedel, the country's largest forest products group, said it was likely it would sell underperforming assets as part of a restructuring programme. At Moore, the world's largest maker of business forms, Reto Braun stepped aside as chairman and chief executive moments after the company posted a third-quarter loss.

The two events seemed unrelated, but it is no coincidence that listed among shareholders in each corporation is a little-known but powerful Texan investment firm called TMI-FW, representing members of the billionaire Bass family and the Ontario teachers' pension fund.

When TMI-FW bought into the ailing companies earlier this year, observers said it was a matter of time before the investment firm made its presence felt. Mr Braun had been under pressure ever since Thomas Taylor, TMI-FW's president and single shareholder, requested changes to Moore's board and called on the company to separate the posts of chairman and chief executive. MacMillan Bloedel last month appointed as chief executive Thomas Stephens, a US turnround specialist, who wasted no time in initiating a strategic review of the company's divisions.

Known as a "catalyst investor," Mr Taylor appears to have made his mark quickly at Moore and MacMillan Bloedel, and his pro-active approach is likely to have other Canadian executives looking over their shoulders. Clive Bode, a spokesman for Mr Taylor, says that TMI-FW has interests in "four or five" other publicly traded Canadian firms, although some investments have not exceeded disclosure thresholds. TMI-FW also owns a 30 per cent share of Encal, the small oil and gas producer.

Among shareholders in each corporation is a little-known but powerful Texan investment firm called TMI-FW

Canadian executives might well be concerned by a Texan investment philosophy that is much more aggressive than that to which they are accustomed. Corporate accountability in Canada is several years behind the US, as institutional investors tend to be much more passive that their US counterparts. "The threat that they are going to dump their stock is not as effective because it would adversely affect them. I don't think the activism is there to the extent you see in the US," says Moshe Milevsky, a professor of finance at York University in Toronto.

By teaming with Mr Taylor, the Ontario teachers' fund appears to have found a manager who has the stomach, resources and investor savvy to restructure moribund corporations and spin off poorly-performing divisions. While executives at both Moore and MacMillan Bloedel deny he has influenced recent announcements, observers have little doubt the changes were prompted by TMI-FW.

"Canada is a more process-driven country. Canadians think through a problem. Texans react through a problem," says Michael Young, the head of real estate at CIBC Wood Gundy.

Corporate Canada may need to prepare for an era of greater accountability, for there are indications the Texas investment wave will continue. Robert Bass, one of the secretive billionaire brothers, has been widely rumoured to be looking for acquisitions in Canada, while TMI-FW could move in on other corporations if the Ontario teachers' fund opts to shift investments from index funds into individual companies.

Texan investors such as TMI-FW and the Bass family have earned a reputation for shaking up underperforming companies – and they seem to believe Canadian corporations are ripe for the picking.

Scott Morrison

Delay hits Baxter shares

By Tracy Corrigan in New York

Baxter International's shares slid 8.7 per cent yesterday after the company said its HemAssist blood-substitute product for use in cardiac surgery was likely to receive European regulatory approval a year later than previously expected.

Baxter said it now expected regulatory clearance for the product in the US and Europe in late 1999 or early 2000. In early trading the shares were down $4⅞ at $51¼ in a weaker market.

Harry Kraemer, Baxter's president, said he expected net income growth to be in the low double-digits after absorbing the impact of currency factors. The goal had previously been for mid-double digit income growth after foreign exchange impact.

Baxter reported net income of $159m, or 57 cents a share, in the third quarter, up from $137m, 65 cents, the previous year. Sales totalled $1.5bn, up 14 per cent, or 17 per cent before the impact of a stronger US dollar.

Warner-Lambert yesterday reported net income in the third quarter of $198m, up by 30 per cent on the previous year, on sales of $2.11bn, up by 19 per cent.

Earnings per share of 73 cents, 2 cents below analysts' expectations, were up from 56 cents a year go.

"The rapid growth of our new products should propel us into a period of superior earnings performance," said Melvin Goodes, chairman and chief executive officer. He projected earnings growth of more than 30 per cent in 1998.

Earnings and sales growth were both driven by the strong performance of Lipitor, the cholesterol-lowering drug and Rezulin, the type 2 diabetes drug, both introduced earlier this year.

Televisa back in black

By Leslie Crawford in Mexico City

Mexico's two media rivals, Televisa and TV Azteca, reported strong third-quarter results yesterday in preparation for the fierce battle to sign up new advertising customers in the final months of the year.

Televisa, the largest media group in the Spanish-speaking world, reported net earnings of 1.27bn pesos ($164.5m) in the third quarter, compared with a loss of 51.9m pesos a year ago. The company's net profit for the first nine months of 1997 totalled 6.1bn pesos, compared with a loss of 863m pesos in the same period of 1996.

Earlier this year, Televisa embarked on a cost-cutting programme designed to save the company $90m a year over the next three years. It reduced administrative expenses by 14.6 per cent in the third quarter.

But competition from TV Azteca, Televisa's smaller and leaner rival which went public in August, has also put pressure on Televisa to spend more on production and programming. As a result, Televisa reported a 2.3 per cent increase in the cost of sales, which totalled 1.9bn pesos. Sales revenues totalled 3.3bn pesos, an increase of 2.6 per cent over 1996.

Televisa's operating profit in the third quarter, at 490m pesos, was 52 per cent higher than a year ago. Cash flow increased by 29.9 per cent to 665m pesos.

In the third quarter, Azteca's sales increased by 55 per cent to 874m pesos, operating cash flow increased 43 per cent to 444m pesos and net profit increased 94 per cent to 399m pesos.

Audience figures are hotly contested between the two rivals. Televisa claimed a 73 per cent share of prime-time viewing audience in September, while Azteca claims 36 per cent.

AMERICAS NEWS DIGEST

New chief at Quaker Oats

Quaker Oats, the US cereals and food company, yesterday announced that Robert Morrison, the former Kraft Foods executive, was taking over as new chairman and chief executive.

Speculation has been rife over who would succeed William Smithburg, who announced six months ago that he would be stepping down after 16 years. Mr Smithburg had been credited with making some good moves at Quaker, but he also oversaw the disastrous purchase of the Snapple business, which has since been sold. Critics also suggested that Quaker had been slow to expand internationally.

The announcement of Mr Morrison's appointment coincided with news of third-quarter profits of $77.5m after tax, down from $133m in the same period of 1996, on sales of $1.37bn, against $1.44bn. But the latest result included restructuring charges of $46.9m pre-tax, plus a $39.8m charge for the write-down of its Brazilian pasta business. These were offset by a gain of $35m on a litigation settlement.

Quaker said underlying earnings were equivalent to 79 cents a share, compared with 53 cents a year ago. This was substantially above analysts' expectations which averaged around 70 cents, according to First Call. As a result, Quaker shares dipped only slightly in yesterday's Wall Street sell-off, losing $1/16 at $47¾.

Quaker's third-quarter result reflected a 20 per cent increase in operating profits from the food division, at $114.7m, on sales of $876.2m, while Gatorade posted a 26 per cent improvement at $89.9m, on sales of $494.5m.

Nikki Tait, Chicago

■ COCA-COLA

Ivester succeeds Goizueta

Coca-Cola's board yesterday elected Douglas Ivester, president and chief operating officer, as chairman and chief executive after the death of Roberto Goizueta, his predecessor, last weekend. Mr Ivester, 50, had long been regarded as heir apparent to the top job, and a Coca-Cola board member said yesterday that Mr Goizueta had made it clear several years ago that he thought Mr Ivester should succeed him. Mr Ivester, an accountant, joined Coca-Cola in 1979 and quickly worked his way up through the financial ranks to become chief financial officer at the age of 37. He worked closely with Mr Goizueta in devising and implementing Coca-Cola's corporate strategy and is thought unlikely to make big changes. Yesterday he said it was the company's obligation to build on the "legacy of success" Mr Goizueta had left.

Richard Tomkins, New York

■ BANKING

Banamex ahead at operating level

Banamex, Mexico's largest bank, reported net operating income of 1.66bn pesos ($215m) in the third quarter of 1997, compared with 366m pesos and 677m pesos in the two preceding quarters. Accounting changes which came into effect at the beginning of 1997 preclude comparisons with previous years.

After setting aside more than 1bn pesos against future tax liabilities, Banamex reported a net profit of 804m pesos, against 929m pesos and 411m pesos in the two preceding quarters. The bank's past-due loans, particularly in the mortgage department, continued to rise, albeit at a lower rate than previous quarters.

Banamex's non-performing loans increased by 3 per cent during the quarter to 28bn pesos, and now amount to 23.9 per cent of the bank's total loan portfolio.

Leslie Crawford, Mexico City

■ CONSUMER PRODUCTS

Sara Lee ahead 9.2%

Sara Lee, the US consumer products and food company, yesterday announced a 9.2 per cent increase in profits after tax, to $221m, for the first quarter of its financial year, although sales were barely changed at $4.89bn. The advance translated into earnings per share of 44 cents, fully diluted, roughly in line with analysts' expectations.

Nikki Tait

■ **Bankers Trust** yesterday beat analysts' estimates when it reported earnings per share of $2.16 for the third quarter, up 20 per cent from the previous year. According to FirstCall, analysts were expecting $2.01 a share. The bank completed its merger with Baltimore-based Alex. Brown on September 1. *Tracy Corrigan, New York*

■ **Dow Chemical** yesterday reported third quarter net income of $422m, down from $469m a year ago. Earnings per share of $1.85 were slightly above analysts' estimates but below last year's $1.92. Sales for the quarter were also slightly lower at $4.9bn, compared with $5bn a year ago. Dow shares fell $2¼ to $92 in early trading.

Tracy Corrigan

Saab may quit civil aircraft production

By *Tim Burt in Stockholm*

Saab, the Swedish aerospace group, is considering abandoning civil aircraft production after almost 50 years following continuing losses and increased competition in the turboprop market.

The company – a wholly-owned subsidiary of Investor, the main investment vehicle of the Wallenberg industrial empire – said yesterday it could no longer endure annual losses running at about SKr1bn ($130m), and would decide shortly whether to cease manufacturing its Saab 340 and Saab 3000 regional airliners.

Gert Schyborger, president of Saab Aircraft, said: "The regional aircraft market has become tougher and tougher over the past few years. We need much higher demand for our aircraft and a better return to be able to maintain manufacturing."

Although Saab said it might continue production in the medium term if it secured further orders, officials admitted privately it was "a question of when rather than if" manufacturing would cease.

Increased sales of military aircraft helped lift Saab's pre-tax profits from SKr197m to SKr377m on turnover of SKr6.94bn, against SKr5.74bn, in the nine months to September 30.

Mr Schyborger said Saab would continue maintenance and spares work for the 480 regional aircraft in service, but that it could become a sub-systems supplier to manufacturers such as Boeing of the US or Europe's Airbus Industrie.

The overhaul at Saab follows similar restructuring announcements by other manufacturers partly owned by Investor. SKF – the rolling bearings group in which Investor has 30 per cent of the voting rights – said this week it was cutting almost 5 per cent of its workforce.

Marcus Wallenberg, deputy chief executive of Investor, said: "We are seeing a number of companies undertaking substantial restructuring to improve their performance, but this is something we have been considering for the past couple of years." He was speaking after Investor announced its net worth had grown from SKr78.9bn to SKr101.2bn in the first nine months of the year, equivalent to SKr506 a share.

The market value of its main holdings, which includes significant stakes in companies such as Scania, Ericsson and SE-Banken, rose 31 per cent to SKr92.2bn. However, that figure has since dipped to SKr83.9bn after the sale this month of shares in Incentive, its Wallenberg sister company.

Underlying pre-tax profits rose from SKr1.51bn to SKr1.72bn. Investor's most commonly traded B shares fell SKr14.50 to SKr368.

France paves way for further sell-offs

By David Owen in Paris

France's Socialist-led government has decided to sell virtually all the state's remaining shares in the steelmaker Usinor, in what appears to be a new sign of increased willingness to sanction disposals of public assets.

The ministry of finance said yesterday it had decided to sell 18.7m shares, representing 7.7 per cent of the company's capital. At last night's closing price of FFr110.50, the disposal would raise just over FFr2bn ($335m).

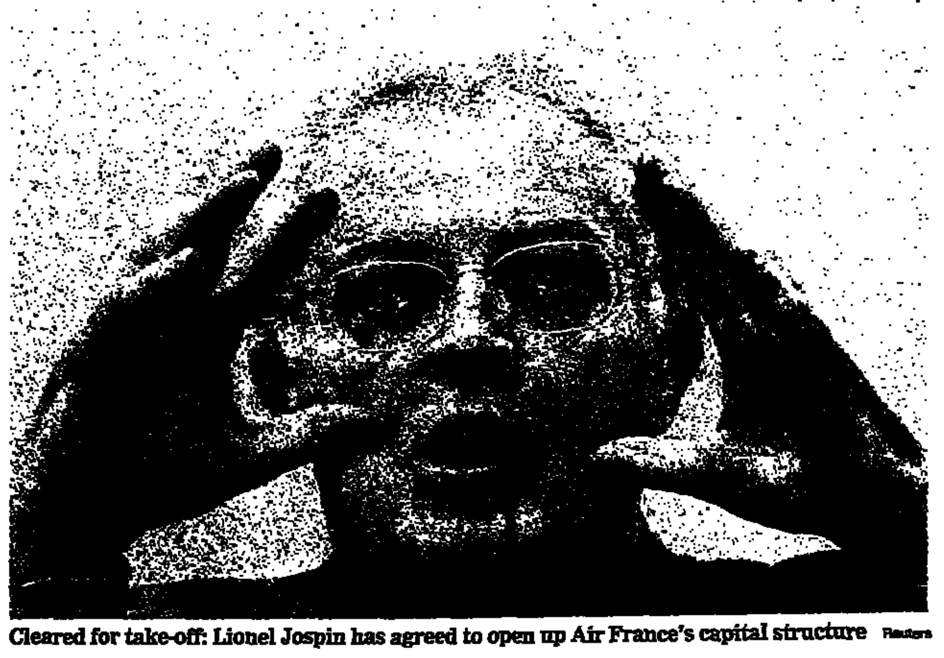
The announcement follows the successful sale of a minority stake in France Telecom, the former monopoly operator, in the largest French initial public offering. The issue attracted a record 3.9m individual investors and generated FFr42bn for the state.

Prime minister Lionel Jospin's government also this week gave formal clearance for the capital of Air France to be opened up to outside investors, less than two months after Christian Blanc, the carrier's former chairman, announced his departure when it became clear ministers would not consent to the rapid privatisation of a majority of its shares.

Moreover, SGS-Thomson Microelectronics, the Franco-Italian semiconductor manufacturer, yesterday confirmed it was considering a public offering to be completed "in coming months".

The group, which is more than two-thirds owned by French and Italian state-controlled entities, said the move was expected to include a primary offering of new shares and the placement of convertible debt for a combined total of some 7m shares. There would also be a secondary offering of about 16m shares by existing shareholders.

The French government is intent on keeping a majority of the company in public hands, while the principle whereby Italian and French state-controlled entities hold an equal stake looks certain to be adhered to. The confirmation followed this week's disclosure in the Financial Times that investment bankers were working on a new $2bn issue of shares in the group.



Cleared for take-off: Lionel Jospin has agreed to open up Air France's capital structure Reuters

One side-effect of yesterday's Usinor announcement will probably be to increase speculation that the government may also soon announce plans to sell the bulk of the French state's remaining holding in Pechiney, the aluminium and packaging group. This currently stands at some 8.5m shares, equivalent to 11 per cent of the company's capital. At last night's closing price of FFr282, the shares would be valued at FFr2.4bn, although it is understood that some of them would need to be kept for eventual distribution to employees.

The Usinor placement will be conducted by CDC Marchés and J. P. Morgan. The government has been advised on the proposed sale by Crédit Lyonnais.

Philips stays tight-lipped on long-term moves

By Gordon Cramb in Eindhoven

Philips is to decide within days on whether to move its corporate head office – probably to Amsterdam – from the southern Dutch city of Eindhoven, which has been the centre of its operations for 106 years.

The proposed relocation, news of which was leaked last month, would affect only a few hundred staff. While depriving the local hospitality industry of some of its business custom, it would end a quarterly pilgrimage of analysts and media to hear what one of Europe's most complex companies has to throw at them in its latest results presentation.

Yesterday the message was relatively clear. And in giving it, Jan Hommen, chief financial officer, maintained: "We see a more accountable company, a company that has been simplified."

It was a company on the way to meeting its short and medium term goals, he said, although investors would have to wait until next year to be told what the ultimate strategic direction would be for Europe's biggest consumer electronics group.

The goals for this year include double-digit growth in operating income – not difficult when the nine-month level of Fl 3.16bn ($1.57bn) represents a 107 per cent increase – and a Fl 1bn positive cash flow. For January-September that stood at Fl 2.65bn, against a Fl 2.85bn outflow a year earlier.

Further on the horizon was a 24 per cent return on net assets, which currently stood at 16.6 per cent. Cor Boonstra, president, said of that target this month: "I think we must be able to achieve it by the beginning of 1999."

Nine-month net earnings from normal operations were Fl 1.87bn, against Fl 804m, and at the attributable level reached Fl 3.07bn, compared with just Fl 359m. The write-offs which pulled the group into a 1996 full-year loss have been replaced by credits from the sale of stakes in Taiwan Semiconductor and ASM Lithography, two of its holdings in the microchip industry.

The deconsolidation of ASML brought a drop in earnings at the "miscellaneous" division, but all other product categories performed better. Operating margins in components and semiconductors grew to 12.3 per cent, buoyed by accelerated demand for its memory chips.

At 11.8 per cent, the second highest margins were seen in lighting. A year earlier, both divisions were returning operating income at 10.2 per cent of sales.

Consumer products, the largest group, generated 3.1 per cent after being in loss a year earlier.

RWE sees support for ownership reform

By Ralph Atkins in Essen

RWE yesterday predicted overwhelming support from municipal shareholders for a radical reform of its ownership structure.

The Essen-based energy and industrial group also announced plans to shed underperforming businesses with total annual sales of DM1.2bn ($674m).

Dietmar Kuhnt, chairman, said there had been no opposition to plans under which the traditionally dominant municipal shareholders would give up multiple voting rights.

Mr Kuhnt said the deal, unveiled in the summer and due for approval in February, would allow RWE "equal opportunities when competing in international capital markets". However, he played down suggestions RWE would soon follow Veba, its Düsseldorf-based rival, and seek a US listing.

Shareholders giving up multiple voting rights would be compensated from funds raised from preference shareholders, who are being invited to buy ordinary shares with voting rights.

At its annual results conference yesterday, RWE said telecommunications would contribute to earnings from 2000. But Mr Kuhnt warned the build-up of o.tel.o, its joint venture with Veba, would start only slowly after full liberalisation of the German telecoms market from January.

Start up losses in telecoms reached DM248m for the 12 months to June and are expected to rise slightly in the current financial year.

RWE said it was looking for buyers for its lossmaking cranes business, which has been hit by the downturn in construction.

It described developments in its waste management division as "absolutely unsatisfactory" and said 35 companies had been identified for disposal.

RWE confirmed net profits rose from DM1.2bn to DM1.3bn in the year to June. Turnover was up 10 per cent at DM72.1bn.

Russian group eyes Banca di Roma stake

By James Blitz in Rome and John Thornhill in Moscow

Controversy over plans to refinance and privatise Banca di Roma, Italy's second largest banking group, was rekindled yesterday after it emerged that a Russian company has offered to buy the Italian government's stake.

Iri, the Italian state holding company, confirmed it had received an "expression of interest" from the International Economic Corporation, a Russian oil trading company, to buy its 36.5 per cent direct and indirect stake in Banca di Roma.

Iri denied Italian press reports that IEC had pledged to pay about $1bn for the holding. However, the state holding company admitted it would be prepared to consider a binding offer to purchase part of its stake, as long as IEC first identified two banks with which it is understood to be acting in concert.

The move by IEC, which is said to have strong links with the Russian Orthodox Church, came days before Banca di Roma was due to hold an extraordinary meeting at which it will raise plans for what is widely seen as a salvage operation.

The bank incurred a record L2,794bn ($1.6bn) first-half loss earlier this year, compared with a L71bn net profit over the same period in 1996. It is to propose a capital increase of up to 2bn new shares at Monday's meeting, priced at L1,200-L1,700. At the same time, Iri will also confirm plans to dispose of its stake.

One of the proposed core shareholders in the newly privatised company, Banca Agricola Mantovana, pulled out of arrangements last month and there has been speculation that another proposed core shareholder, Electronic Data Systems of the US, could do the same.

Meanwhile, the Italian press has repeatedly written about strong interest from Libyan organisations in taking a stake in Banca di Roma.

EUROPEAN NEWS DIGEST

Ericsson surges in third quarter

Ericsson, the Swedish telecommunications group, yesterday highlighted the explosive growth of the global mobile phones market by more than doubling third-quarter profits. Pre-tax profits surged from SKr2.03bn to a record SKr4.23bn ($551m) in the three months ended September 30, buoyed by booming sales in the group's cellular handset operations and favourable currency shifts

The figures beat market forecasts by almost 20 per cent but failed to help Ericsson's shares on a day of world stock market turmoil. Ericsson's most-traded B stock tumbled SKr16, or 4.3 per cent, to SKr357 and dragged down shares in Nokia, its Finnish rival. Analysts ascribed the reaction to profit-taking and comments by Lars Ramqvist, Ericsson chief executive, that order intake had slowed in some Asia-Pacific countries. The region, embroiled in a currency crisis, has been a prime motor of Ericsson's growth in recent years, accounting for about a quarter of its sales.

Sean Faughnan, telecoms analyst at J.P. Morgan in London, said that while worries over Ericsson's Asia-Pacific operations were legitimate, the company's achievement in raising its gross margin from 39.5 per cent to 41 per cent was "more positive news than the Asia concerns are negative". Many industry analysts have expected margins to fall, particularly in the highly profitable mobile phones market where the big three – Motorola of the US, Nokia and Ericsson – are facing stiffer competition from consumer electronics companies.

Mobile phone sales more than doubled for the second successive quarter, rising from Skr5.3bn to SKr11bn. Ericsson does not disclose profits for individual divisions but said it had gained market share in cellular handsets as its growth outstripped that of the overall market. Group earnings included a SKr500m currency gain, linked to the weaker Swedish krona and strong US dollar. Total turnover rose from SKr28.17bn to SKr40.4bn. Over the nine months, sales advanced from SKr78.2bn to SKr112.6bn, while pre-tax profits increased from SKr6.26bn to SKr10.33bn. Order bookings rose for the 24th consecutive quarter, from SKr32.28bn to SKr46.98bn.

Greg McIvor, Stockholm

■ BANKING

BBV rise meets forecasts

Spain's Banco Bilbao Vizcaya yesterday underlined its strong earnings potential with a 26.1 per cent rise to Pta88.8bn ($591m) in nine-month net attributable profits. The increase matched forecasts and was in line with the 25 per cent profit rises the bank reported for 1996 and at the first-quarter and interim stages this year.

BBV's profitability was based on buoyant earnings across its business units, offsetting a sharp increase in provisions to pay off goodwill arising from its aggressive acquisition drive in Latin America. The group set aside Pta48.6bn, up from Pta8.1bn in September last year, to cover charges linked to its purchase of banking networks in Colombia, Mexico, Peru and Venezuela.

The bank is negotiating the purchase of a bank in Brazil and this acquisition is likely to signal the completion of its expansion in Latin America. "We are close to achieving the franchise base we want in Latin America and we will then turn our attention to Spain and to Europe," BBV said yesterday.

The goodwill provisioning absorbed the bulk of greatly increased earnings from the group's industrial assets, which stood at Pta55.4bn, up from Pta9.8bn a year ago. BBV is using this healthy earnings flow to pay off the the goodwill quickly rather than over 10 years. The considerably higher financial margins obtained in Latin America allowed the bank to lift net income by 34.3 per cent year-on-year to Pta408.1bn. Excluding its Latin American units, net interest income rose just 1 per cent.

The earnings potential was underlined by a 50.7 per cent increase in fee commissions, to Pta149bn, and by trading profits of Pta65.8bn, more than double the Pta31.5bn reported a ago. Despite strongly increased salary and overall costs, BBV increased its operating profit by 41.3 per cent from Pta171.4bn to Pta242.2bn.

Tom Burns, Madrid

■ PHARMACEUTICALS

Novartis lifts drugs sales 26%

Novartis, the Swiss drugs giant, increased the sales of its core pharmaceutical business by 26 per cent, to SFr10.6bn, in the first nine months of 1997. Pharmaceutical sales growth accelerated between the second and third quarters, unlike at arch-rival Roche, where pharmaceutical sales are believed to have been flat between the second and third quarters.

Birgit Kuhlhoff, a UBS analyst, estimated that third-quarter drugs sales at Novartis grew at roughly three times the industry average. In local currency terms, they were up 12 per cent in the first nine months, compared with a 4 per cent rise at Roche, which is still awaiting the launch of several new drugs. Novartis said drug sales had been "led by an outstanding performance" in the US.

However, Novartis's strong sales growth was overshadowed by yesterday's drop in world stock markets and its shares fell SFr46 to SFr2,264. The group's overall sales rose 21 per cent, or 8 per cent in local currency terms, to SFr23.9bn.

William Hall, Zurich

■ INSURANCE

Axa plans FFr6bn bond issue

French insurer Axa UAP said yesterday it was planning an issue of subordinated bonds worth about FFr6bn ($1bn). It said the issue would enable it to refinance at more favourable rates short-term debt of FFr3.5bn due to expire at the end of this year. It would also enable the group to meet significant capital needs at units in Germany, the UK, Spain and France, and finance the group's development in China and Japan.

Reuters, Paris

■ ENERSUL SELL-OFF

Vattenfall grouping set to bid

A consortium including Vattenfall, Sweden's state-owned and largest power group, plans to bid for a 55 per cent stake in Enersul of Brazil, the company said yesterday. The state holding is scheduled to be auctioned in December. The Swedish-led consortium, which includes US power companies NRG Energy and Intergen, would lodge a bid, but not at the SKr2.4bn ($313m) cited in press reports in Stockholm, Vattenfall said.

Competition for Enersul is intense, with Enron of the US and BVRD of Brazil among the potential bidders. Enersul is based in the state of Mato Grosso do Sul, near the Bolivian border.

AP-DJ, Oslo

■ METALS

Minière in talks on Westaim units

Union Minière, the Belgian non-ferrous metals group, yesterday confirmed it was in talks with Canada's Westaim Corporation over the acquisition of its cobalt and battery materials units. "Union Minière confirms that negotiations are ongoing in view of this acquisition, but they have not yet been finalised," it said. Bankers in Brussels estimate the cost of Westaim's units at BFr1bn ($27m).

Union Minière is understood to be pushing a strategy of expansion into niche markets. Its interest in Westaim's units is based on an anticipated growth in demand for rechargeable batteries – the types used in mobile phones and laptop computers.

AP-DJ, Brussels

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COMPANIES AND FINANCE: UK

Upturn in businesses to be sold to DuPont helps lift underlying profits for the first time since 1995

ICI plans further disposals

By Roger Taylor

Imperial Chemical Industries said yesterday it expected to make further disposals in the next six months as it announced a modest increase in underlying profits, its first since 1995.

The improved performance follows the £4.9bn ($7.9bn) acquisition of Unilever's speciality chemicals businesses earlier this year, which made their first contribution during the quarter to September 30.

Alan Spall, finance director, described the performance as "solid and workmanlike" and said pre-tax profits before exceptionals of £132m (£131m) during the third quarter were ahead of analysts' expectations. Earnings per share, excluding exceptionals, were unchanged at 10.5p.

He said the strength of sterling had cost the company £50m in the quarter and £120m so far this year; the full impact for the year could be as high as £180m.

Analysts said the better-than-expected figures arose from an upturn in the industrial businesses which ICI has already agreed to sell to DuPont as part of its plan to move out of bulk chemicals.

The company is planning to sell a number of other businesses including fertilisers, petrochemicals, halochemicals and explosives, to help pay down the £5bn debt used to fund the Unilever acquisitions.

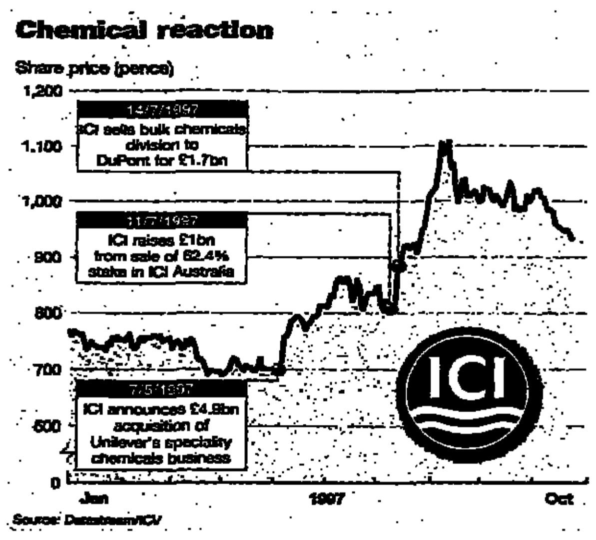
The higher level of debt was reflected in interest payments, up sharply at £99m (£22m).

Mr Spall said it was in the best interests of the company and the employees to complete the disposal programme as rapidly as possible and said he expected to make a further announcement soon.

Turnover for the quarter rose to £3.3bn (£2.7bn). Pre-tax profits were lifted to £611m by a £479m exceptional gain largely arising from the sale of its stake in ICI Australia.

The company said sales growth from the Unilever businesses had remained steady at 6-8 per cent in constant currency terms.

It said it planned to improve on this growth rate by attracting customers such as Proctor & Gamble who refused to buy from the businesses while they were in Unilever's ownership.



Source: Datastream/ICV

Abbey moves to quash merger speculation

By Christopher Brown-Humes

Ian Harley, chosen yesterday as Abbey National's new chief executive, moved quickly to quell merger speculation surrounding the retail bank.

Mr Harley, the finance director, will take over from Peter Birch, who retires after 13 years at the helm on February 28. He said Abbey was "determinedly independent as an organisation" as it believed this was the best way to deliver shareholder value.

But analysts said the market would welcome a merger with another big financial services group, such as Barclays, National Westminster or Prudential. Abbey rebuffed a merger approach from NatWest earlier this year and has talked with Prudential, the life insurer.

Mr Harley, 47, said Abbey would like to make a significant acquisition in life assurance/fund management, but opportunities were limited.

A purchase would provide critical mass – building on the group's acquisition of Scottish Mutual – and give it access to a growing market favoured by demographics and reduced state provision.

It would also help the group derive 60 per cent of its business from outside mortgages and savings by the year 2000, against 50 per cent today. Building society acquisitions were not ruled out, but were "extremely expensive".

Mr Harley said the focus of his first three to five years in office would be the UK, with the possibility of expansion in continental Europe thereafter. But the overseas push would be spearheaded by phone and direct mail, rather than acquisitions.

Mr Harley was chosen ahead of three other internal candidates, including Andrew Pople, head of retail operations and Gareth Jones, head of Treasury.

Analysts described him as a "safe pair of hands". Mr Harley did not commit himself to a buy-back, but said Abbey had £500m-£600m of surplus equity capital based on a targeted 7.25 per cent tier 1 capital ratio in 1999.

Abbey, the UK's second biggest mortgage lender, warned that the mortgage cycle may be turning, after a 1 per cent rise in the number of its accounts in arrears since June 30.

I&S Enterprise manager row

By Jean Eaglesham

The decision to appoint a new manager of Ivory & Sime Enterprise Capital has triggered a row at the investment trust.

I&S Enterprise's board yesterday announced that JO Hambro & Partners, the fund manager, would take over control of the trust which manages some £80m ($129.6m) of funds, prompting the resignation of a board director.

Hew Balfour, chief executive of Havelock Europa, the manufacturer, said he had resigned from the trust's board because of "differences of opinion".

He said yesterday that he was likely to make a public statement today "fully disclosing" his reasons for resigning.

JO Hambro is the favoured choice of Scottish Value Trust, which owns 27 per cent of I&S Enterprise Capital. Scottish Value has taken stakes in other trusts whose shares – like those of I&S Enterprise – trade at wide discounts to their asset values.

Colin McLean, chief executive of Scottish Value Management, said: "We are happy with the appointment of JO Hambro – but there is a useful safeguard [for shareholders] in the ability to ratify the appointment at the annual meeting. They will also get a vote on the appointment of all the directors".

However other shareholders are thought to oppose the change and question whether the board did enough to ensure that the trust's board has done enough to protect their interests.

The outgoing managers said yesterday that the board was already taking steps to improve returns for shareholders, and were contemplating steps including the possible break-up of the fund.

"Shareholders were due to vote in 1999 on whether to wind up the trust and the board had brought in Hoare Govett, [the broker] with a clear brief to offer investors an early choice of an exit", said Ian Paterson-Brown, company secretary of Ivory & Sime.

"We are obviously disappointed our contract has been terminated but we are somewhat surprised that there was not even a beauty parade", he added.

Mr Hambro declined to comment last night on the way in which his company had been appointed. But he said that JO Hambro had recently undertaken a similar winding-down exercise for the investment trust London American Growth.

Mr Balfour's move is part of a growing trend by investment trust directors to demonstrate their independence.

The traditional image of trust boards is that they enjoy little independence but this could be beginning to change.

RESULTS

	Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Dividends: Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
Action Computer .... Yr to Aug 29 ☆	172.1	(134.6)	5.08	(3.22)	9.7‡‡	(8.4)	2.5	Jan 16	-	2.5	-
Amlnex $ .... 6 mths to June 30	8.19	(7.4)	1.1L	(0.972L)	1.79L†	(1.92L)	-	-	-	-	-
Ferrum Holdings .... 6 mths to June 30	7.18	(7.32)	0.091L	(0.003)	0.38L	(-)	nil	-	nil	-	nil
Formalnster .... 6 mths to July 31	13.2	(2.3)	0.722	(1.16L♠)	1.42‡	(8.62L)	1.22	Dec 10	1.22	-	1.92
Glencar Mining ♣ .... 6 mths to June 30	-	(-)	0.033L♠	(0.0037)	-	(-)	-	-	-	-	-
ICI .... 9 mths to Sept 30	8,253	(7,965)	770♥	(385♠)	85.9	(29.1)	-	-	-	-	32
Luminar .... 6 mths to Aug 24	14.7	(12)	1.69	(1.58)	6.8†	(6.5)	2.33	Jan 5	2.33	-	7
Tottenham Hotspur .... Yr to July 31 ☆	27.9	(25.6)	7.6	(4.2)	7.3	(1.7)	0.67	Nov 28	-	1	0.86

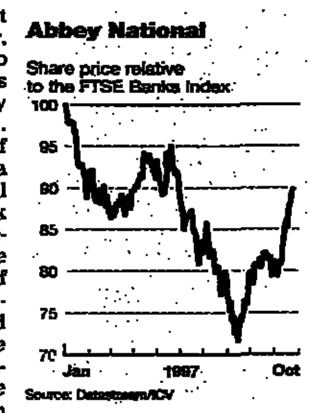
Investment Trusts	NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
British & American .... 6 mths to June 30	126	(112)	0.626	(0.583)	2.5	(2.33)	1.25	Nov 20	1	-	3
Shires Smaller .... 9 mths to Sept 30	196.9	(176.2♦)	0.805	(0.774)	5.02	(4.54)	1.375§	Dec 31	1.325	-	6
Schroder Income .... Yr to Aug 31	139.29	(119.08)	4.4	(3.74)	5.56	(4.72)	1.45‡	Oct 31	1.35	5	4.35
Scottish Oriental .... Yr to Aug 31	105.9	(111)	0.297	(0.196)	1.17	(0.79)	0.67	Jan 23	0.46	0.67	0.46
Fleming Eur Fledg .... 6 mths to Sept 30	166.8	(149.4)	0.413	(0.522)	0.69	(0.97)	-	-	-	-	nil

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. ‡ ‡‡On reduced share capital. ΦAim stock. ☆Comparatives pro forma. $US currency. ‡‡Fully diluted. ♦At December 31. §Third interim, making 4.125p (3.975p) so far. ‡Excluding 0.4p special. ♣ Irish currency.

LEX COMMENT

Abbey

Ian Harley has a hard act to follow. His predecessor, Peter Birch, is judged to have done the right things in developing Abbey National's business. Indeed some of his deals of a few years ago – buying a life insurer and a rival building society – look prescient now these sectors are fashionable. The timing of the change of leadership looks propitious. The shares started 1997 on a high, but have underperformed the banking sector for most of the year. In trying to build on the recent recovery, Mr Harley will be helped by the end of building society conversions, freeing consumers from their windfall providers.



Source: Datastream/ICV

But he will have his work cut out to make his own luck. Investors now have several "Abbey Nationals" to choose from. Halifax and others are singing the same tune about reducing dependence on building society work and expanding in life insurance, consumer credit and so on. Yet the traditional area remains important – nearly 50 per cent of Abbey's profits. It must demonstrate more clearly that it has stopped the rot in new mortgage lending. Mr Harley will also have to show that the bank's £1bn surplus capital can be well spent – or hand it back with share buybacks.

Beyond these tests come new ones born of telephone banking, electronic transfer of funds and the internet. These trends are allowing in new rivals, like Virgin. Perhaps the best sign is that Mr Harley puts these challenges at the top of his list.

Cadbury acquires Danone offshoot

By John Willman in London and David Owen in Paris

Cadbury Schweppes is to acquire France's second-largest sugar sweets company, taking it to third place in the French confectionery market. The UK company will buy La Pie Qui Chante for an undisclosed price from Danone, the foods group which is selling off non-core businesses.

La Pie Qui Chante is based at Lille, home to Cadbury's existing French confectionery business. It makes boiled sweets, caramels, chews and jellies under the company name and the Carambar, Pimousse, Michoko and Menthe Claire brands.

"This deal makes a lot of sense for Danone, which is clearing out its portfolio," said Ian Kellett of Dresdner Kleinwort Benson. "For Cadbury, it rounds off the portfolio and there should be savings in distribution costs."

However, Paul Deacon of Goldman Sachs said Cadbury would still lack "critical mass" in its continental European operations: "Its approach is very bitty, and this is more of the same."

La Pie Qui Chante employs about 440 people and had sales of FFr542m ($92m) in 1996. Mr Kellett said the price could be about £60m ($97.2m).

Cadbury has two French chocolate offshoots, Chocolat Poulain and Bouquet d'Or.

Strong pound masks growth at Reuters

By Alan Cane

The strength of sterling is continuing to obscure real revenue growth at Reuters, the international news and financial information services group.

Third-quarter turnover, announced yesterday, fell 3 per cent from £736m to £713m ($1.16bn). Excluding currency effects, however, underlying turnover grew 8 per cent, buoyed by demand for the group's newest information engine, the 3000 series which combines instant news with a database and analytical tools.

Revenue for the first nine months also grew 8 per cent excluding currency effects, but declined 2 per cent to £2.12bn in actual terms. Reuters publishes only revenue figures at the first and third quarter stages. The shares lost 34p to close at 702p. UK stocks yesterday were generally depressed by the turmoil in Hong Kong and analysts said the figures were in line with expectations.

Peter Job, chief executive, said he expected underlying revenue growth for 1997 to be about current levels. "Progress in selling new products including the latest 3000 range continues to be good." Some 16,600 of the 3000 range systems had been installed in September.

He said the development of new products was proceeding well, illustrated by the launch of new information packages tailored for delivery over the internet or company intranets.

Mr Job warned, however, that the need to reprogram systems to cope with the date change at the end of the century, the so-called "millennium bomb", and to deal with European economic and monetary union would require "significant diversion of effort to upgrade some products and phase out older ones".

A share repurchase programme to return £200m to investors is in place.

Geest confident of special treatment

By Richard Wolffe

Geest Bananas, the UK's biggest supplier, is confident that the EU will preserve special treatment for its Caribbean bananas in the bitter trade row with Latin American producers.

Geest, which is committed to buying 78 per cent of bananas produced by the Windward Islands, is optimistic despite the EU's acceptance last month of a ruling by the World Trade Organisation, which said Europe's complex import regime discriminated unfairly against US and Latin American producers.

Brussels has, however, yet to say how or when it will comply with the ruling.

Speaking at the opening of Geest's £6m ($9.7m) banana ripening centre in Coventry, Warwickshire, Chris Comerford, chief executive, said: "We believe there will be a favourable settlement. There is enough goodwill on the part of a number of EU member countries to make sure the regime stays in place."

Caribbean producers won strong support from the government yesterday, as it pledged to use its presidency of the EU next year to back their position. Jack Cunningham, agriculture minister, said the UK wanted to help negotiate new European rules on banana imports which would "meet our historic obligations". He said he had won a positive response in informal discussions with Franz Fischler, EU agriculture commissioner.

Ecuador, the world's biggest banana exporter, has insisted the EU should comply with the WTO ruling.

INTERNATIONAL CAPITAL MARKETS

Equity investors switch to fixed-income safe haven

GOVERNMENT BONDS

By Vincent Boland in London and John Labate in New York

Turmoil in the world's equity markets, sparked by a slide in share prices in Hong Kong, saw investors switch out of equities into the safe haven of government bonds yesterday, pushing fixed-income prices up across the main markets.

US TREASURIES opened sharply higher to mirror an early surge in Europe. The benchmark 30-year long bond was more than 1½ higher at one point, before falling from those levels by late morning.

Dealers said heavy activity in futures markets was matched by considerable cash activity.

"It was a classic case of a flight to quality," said Nigel Richardson, head of bond strategy at Yamaichi International in London. "It started in Tokyo and continued right through to European markets."

However, European markets eased considerably in later trading from their highs to close with good, but not spectacular, gains.

Analysts said the crisis in Hong Kong may have lessened the likelihood of an interest rate rise from the US Federal Reserve.

Jeremy Hawkins, chief economist at Bank of America in London, said that while the Fed would give priority to domestic factors in deciding on rates, it would also bear in mind the impact on the Hong Kong dollar, which is pegged to the US dollar. "A rise wouldn't do the Hong Kong Monetary Authority or the Bank of China any favours," Mr Hawkins said.

By early afternoon the benchmark 30-year US Treasury was up ⅔ to 100⅔, yielding 6.334 per cent.

Among shorter-term issues, the 10-year bond was ½ higher at 100½, yielding 6.047 per cent, and the two-year note was $\frac{3}{32}$ ahead at 99⅝, yielding 5.799 per cent. The Federal Funds rate stood at 5$\frac{9}{16}$ per cent.

"Volume is heavy and people are afraid to short the market," said Terrence Pigott, head of government trading at Daiwa Securities America.

Traders said rumours spread through the morning markets that foreign central banks were bond sellers, contributing to prices easing from earlier highs.

"The story, as the day has gone on, has been that our stock market has not fallen as much as Asia's or Europe's," said Hamilton Davis, bond trader at Everen Securities in Chicago.

While the Dow Jones Industrial Average fell by more than 170 points soon after opening, the stock market had recovered somewhat by midday, holding at a loss of some 145 points.

Speculation mounted over whether the current Treasury buying would hold up, especially with several potentially market-moving events next week – including the important employment cost data, a speech by Alan Greenspan, Federal Reserve chairman, and new supply in two-year and five-year notes expected.

A morning report on jobless claims was largely ignored by the Treasury market. For the week ending October 18, initial unemployment claims rose 8,000 to 315,000.

In Europe, the core markets sharply outperformed. GERMAN BUNDS soared in early trading after a heavy fall in the Dax share index. The bund futures contract hit a high of 102.08 in heavy trading before giving up much of the advance to settle in London up 0.45 at 101.77.

The early jump came after strong evidence from three German states that inflation would be below 2 per cent, easing fears of a higher number and taking more pressure off interest rates.

It was seen as the latest evidence that the Bundesbank did not need to move further on rates for the time being, having raised its repo rate by 30 basis points two weeks ago.

"With M3 data, the latest figures and overall domestic factors, the 30 basis point rise might be enough for the time being," said Mr Hawkins, at Bank of America.

UK GILTS also posted good gains, with the December futures contract settling up $\frac{19}{32}$ at 118$\frac{21}{32}$, but that was also off its high for the day of 119¼.

The spread over 10-year bunds narrowed three basis points to 95 points. The focus of gilt investors remains today's figures for third-quarter gross domestic product, which are expected to show strong growth.

FRENCH BONDS surged, recovering most of the losses incurred during the previous day. The December future settled in Paris at 98.14, up 0.32.

ITALIAN BTPs were a notable underperformer, with the spread over 10-year bunds widening sharply to 54 basis points from its record low of 44 points the previous day.

Fixed-income market analysts said continued uncertainty in equity markets if the crisis in Hong Kong continued would be positive for bonds, but they pointed to the Hong Kong Monetary Authority's substantial foreign exchange reserves to defend the battered currency.

They also noted that the developments, though important for the US Federal Reserve, would not have much bearing on the Bundesbank's interest rate policy, which would concentrate on domestic and European factors.

"As long as the crisis lasts, equities will suffer and money will flow into bonds, particularly into US Treasuries," Han de Jong, at ABN Amro Hoare Govett, noted in a commentary.

"The global deflationary effects of what is happening will be relevant to global bond markets," he said.

Mr Richardson, at Yamaichi, agreed. "There is a feeling of fragility in equities right now. If there is going to be any weakness in equity markets, bonds are one of the safest places to be at the moment. Bond markets look well supported in this environment," he said.

Emerging market paper suffers

INTERNATIONAL BONDS

By Edward Luce and Alexander Stevenson

Emerging market bonds suffered severely yesterday in both the primary and secondary markets.

CHINA's $400m global offering was the most high-profile victim of the contagion effect from the Hong Kong currency crisis. However, other offerings, including the $400m add-on to RUSSIA's 10-year benchmark deal and a $400m offering from the REPUBLIC OF LEBANON, were also quite badly affected.

"A lot of people have lost a lot of money in emerging market paper," said a syndicate official in New York. "This was most definitely not a good time to issue a sovereign bond."

Launched at a spread of 68 basis points over five-year Treasuries, the China global was trading at a spread of about 85 basis points in the secondary markets last night, although bond traders said it was almost impossible to find a bid price.

Officials at J.P. Morgan, which lead-managed the issue with Merrill Lynch, conceded that the timing on the deal was "unlucky". But rival houses said the offering had also been hampered by confusion over the timing and the expected allocation between the 30-year tranche and the five-year tranche.

In the event, only $100m was apportioned to the 30-year offering, which was priced to yield a spread of 115 basis points over Treasuries. Officials said the 30-year tranche was less badly hit by the general turmoil than the five-year bond, owing to the narrower range of buyers.

"The timing on the deal was very unfortunate but the deal itself was still a good one from a technical point of view," said one.

Russia's $400m add-on, which completes the country's 1997 funding requirements, was also contaminated by the general sell-off in the market.

The 10-year bond had already widened by around 30 basis points over the previous 24 hours to a spread of 324 basis points at launch. But officials at SBC Warburg and J.P. Morgan, which jointly led the offering, sugared yesterday's add-on with an extra 10 basis points.

"We obviously took market conditions into account and wanted to make sure it went well," said an official. The original issue came at a spread of 375 basis points over Treasuries last June.

The Republic of Lebanon returned to the market with a 10-year $400m offering to coincide with the redemption of its sovereign $400m bond last week. The bond was priced to yield 250 basis points over 10-year Treasury bonds – 75 basis points tighter than its three-year issue in 1994.

However, yesterday's offering quickly widened to a spread of 277 basis points in secondary trading before regaining some of the ground later in the afternoon.

In the secondary markets, emerging market bonds took a severe battering, with some – including the Korea Development Bank's 10-year dollar bond – widening by as much as 60 basis points at one stage.

Latin American sovereign debt was also hit, with investors boarding the flight to quality from all corners of the world. Other benchmark deals, including Hutchison Whampoa's dollar bond, were also severely affected.

Elsewhere, CAJA DE MADRID, the second largest savings bank in Spain, issued its second offering. The five-year floating-rate deal, which was priced flat to three-month Libor, follows its debut three-year offering in December 1994.

Officials said the borrower had chosen the D-Mark sector to accommodate strong investor demand for German floating-rate paper, in advance of what is expected to be a profitable upward convergence in the Bundesbank's repo rate towards the higher European average.

Short-term German interest rates are expected to rise by 100 basis points over the next nine months, according to the futures markets. The bond was lead-managed by Morgan Stanley.

MIDLANDS ELECTRICITY, one of the UK's largest regional distributors, came to the markets for the first time with a £150m 10-year bond. Priced at 73 basis points over gilts, the paper was roughly in line with other UK utility offerings.

An official at Barclays, the book-runner, said the bond had benefited from the general buoyancy in the gilt market yesterday. It was trading flat to its launch price at last night's close. Officials said the proceeds would be used to refinance Midlands' short-term debt. The issue was fully subscribed.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Peoples Republic of China	400	6.625#	99.46R	Oct 2002	0.25R	+68(5¾%Sep02)	Merrill/JP Morgan Secs
Peoples Republic of China	100	7.50#	98.673R	Oct 2027	0.70R	+115(6⅝%-27)	Merrill/JP Morgan Secs
Russian Federation(a)	400	10.00#	103.50R	Jun 2007	1.00R	+334(6⅝%-07)	JP Morgan/SBCWDR
Republic of Lebanon	400	8.625	99.61R	Oct 2007	0.875R	+250(6⅛%-07)	CSFB/SBCWDR
ML RHELABC(b)★	363.791	(b1)	100.00	Mar 2004	0.25	-	Merrill Lynch
Banco ABN Amro Brazil	100	7.125#	100.00R	Oct 1998	0.125R	+108(Libor)	ABN Amro Hoare Govett
Banco Citibank	50	7.30	99.815R	Oct 2000	0.50R	+150(6Aug00)	Citicorp International
Bankers Trust NY Corp(c)★	50	zero	100.00	Nov 1998	1.00	-	Daiwa Europe
D-MARKS							
Caymadrid Intl‡	500	(d)	100.066R	Nov 2002	0.20R	-	Morgan Stanley Bank
SunAmerica Inst Funding‡	200	(e)	99.99	Nov 2002	0.15	-	Deutsche Morgan Grenfell
Korea Electric Power‡	150	(f)	99.775R	Oct 2002	0.225R	-	SBC Warburg
STERLING							
Midlands Electricity(g)	150	7.375	99.855R	Nov 2007	0.35R	+73(7¼Dec07)	Barclays
Korea Electric Power(h)	50	8.50	102.439R	Apr 2007	0.35R	+135(6½%-07)	SBCWDR
FRENCH FRANCS							
Ciment Francais	990	5.90	99.55R	Nov 2004	0.35R	+55(i)	Société Générale
Province of Quebec	300	(j)	100.00	Oct 2007	0.10	-	Morgan Stanley DW
ITALIAN LIRE							
Korea Electric Power Corp	200bn	6.25	99.45R	Oct 2000	0.25R	-	Cariplo/SBCWDR
European Inv'ment Bank(k)‡	75bn	(k1,l)	100.245	Dec 2007	undisc	-	BCI/Cariplo/JP Morgan

Final terms, non-callable unless stated. Yield spread (over relevant government bond) at launch supplied by lead manager. ★Unlisted. ‡ Floating-rate note. #Semi-annual coupon. R: Fixed re-offer price; fees shown at re-offer level. a) Fungible with $2bn. Plus 123 days accrued. b) Revolving Home Equity Loan Asset Backed Certs. Legal maturity: Sep 2027. Av life: 3.7 yrs. b1) 1-mth Libor +18bp. c) Redeemed at par + performance of programme designed by Bankers Trust. d) 3-mth Libor flat. e) 3-mth Libor +12½bp. f) 3-mth Libor +80bp. g) Spens call provision. Invent risk put options. h) Fungible with £150m. Plus 181 days accrued. i) Over interpolated yield. j) 5% to 23/10/01, then Tec-10 –112bp. k) L225bn launched Oct 14 & 17 was increased to L300bn. k1) 10¼% to 14/12/99, then 16% –2 x 12-mth Libor. l) Long 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

Oct 23	Red Date	Coupon	Bid Price	Bid Yield	Day chg yield	Wk chg yield	Month chg yld	Year chg yld
Australia	03/99	8.250	101.6281	5.01	+0.01	–0.03	+0.38	–1.65
	10/07	10.000	126.8139	6.30	–0.01	–0.06	+0.23	–1.20
Austria	09/98	7.000	103.9700	4.75	–0.05	+0.01	+0.44	+1.15
	07/07	5.625	99.0400	5.75	–0.04	+0.05	+0.16	–0.28
Belgium	04/99	7.000	103.4500	4.55	–0.05	–0.03	+0.44	+1.17
	03/07	6.250	102.9400	5.83	–0.03	+0.06	+0.20	–0.25
Canada*	03/99	4.000	100.0200	3.98	–0.01	+0.01	–0.07	–0.24
	06/07	7.250	111.5500	5.65	–0.07	–0.02	–0.11	–0.78
Denmark	12/99	6.000	101.8700	5.04	–0.06	+0.03	+0.39	+0.79
	11/07	7.000	105.8000	6.21	–0.05	+0.08	+0.11	–0.60
Finland	01/99	11.000	107.8230	4.38	+0.01	+0.01	+0.22	+0.64
	04/06	7.250	108.9580	5.87	–0.04	+0.04	+0.12	–0.58
France	11/99	7.000	104.5900	4.59	–0.07	+0.02	+0.47	+0.84
	10/04	6.750	107.5000	5.43	–0.06	+0.01	+0.31	–0.03
	10/07	5.500	98.4000	5.71	–0.05	+0.02	+0.23	–0.22
	10/25	6.000	96.6700	6.25	–0.02	+0.05	+0.12	–0.58
Germany	06/99	3.500	98.5000	4.46	–0.06	+0.04	+0.49	+1.02
	07/04	6.750	107.0800	5.46	–0.06	+0.03	+0.29	–0.07
	07/07	6.000	102.1700	5.70	–0.06	+0.03	+0.15	–0.26
	07/27	6.500	103.2600	6.25	–0.05	+0.05	+0.08	–0.56
Ireland	04/99	6.250	100.9500	5.51	–0.13	–0.08	+0.08	–0.45
	08/06	8.000	112.5200	6.12	–0.04	+0.04	+0.10	–0.78
Italy	05/00	6.000	101.2200	5.48	–0.02	+0.14	+0.17	–1.71
	06/02	6.250	102.1400	5.71	–0.02	+0.08	+0.15	–1.81
	07/07	6.750	104.3900	6.14	–0.02	+0.07	+0.05	–2.00
	11/26	7.250	108.3900	6.60	–0.01	+0.04	–0.07	–2.08
Japan	06/99	4.800	107.0300	0.50	–	–0.01	+0.04	–0.38
	12/02	4.800	117.3600	1.30	–	–0.06	–0.14	–0.74
	09/05	3.000	108.9700	1.78	–0.01	–0.08	–0.20	–0.91
	03/17	3.500	114.0200	2.56	–0.01	–0.07	–0.24	–0.77
Netherlands	06/99	7.500	104.5400	4.52	–0.08	–	+0.40	+1.09
	02/07	5.750	100.4000	5.69	–0.04	+0.04	+0.18	–0.18
New Zealand	02/00	6.500	98.7120	7.10	+0.18	+0.24	+0.40	–0.10
	11/06	8.000	107.6570	6.84	+0.16	+0.20	+0.30	–0.67
Norway	01/99	9.000	105.2600	4.59	–0.09	+0.05	+0.19	–0.86
	01/07	6.750	106.2600	5.85	–0.06	+0.04	+0.02	–0.96
Portugal	03/99	8.500	104.3732	5.15	+0.03	+0.08	+0.16	–1.57
	02/07	6.625	103.8239	6.07	–0.03	+0.08	+0.08	–1.49
Spain	07/99	7.400	103.9192	4.99	–0.07	–	+0.22	–1.67
	03/07	7.350	109.2293	6.03	–0.04	+0.06	+0.11	–1.73
Sweden	01/99	11.000	108.6210	5.26	–0.09	+0.15	+0.47	–0.15
	08/07	8.000	111.0400	6.44	–0.06	+0.11	+0.16	–0.89
Switzerland	03/99	4.000	102.4200	2.18	–0.05	+0.11	+0.43	+0.35
	06/07	4.500	106.7600	3.65	–0.03	+0.05	+0.13	–0.22
UK	08/99	6.000	98.5156	6.89	–0.02	+0.02	+0.02	+0.59
	11/04	6.750	100.8828	6.59	–0.07	+0.06	–0.11	–0.63
	12/07	7.250	105.1563	6.54	–0.07	+0.06	–0.11	–0.98
	06/21	8.000	118.3906	6.47	–0.08	–0.02	–0.10	–1.41
US*	07/99	5.875	100.0550	5.84	–0.07	+0.01	+0.01	–0.09
	05/04	7.250	106.3440	6.06	–0.08	–0.03	–0.01	–0.22
	08/07	6.125	100.5780	6.04	–0.08	–0.05	–0.05	–0.51
	08/27	6.375	100.4060	6.34	–0.07	–0.05	–0.04	–0.49
ECU	03/99	5.000	100.2400	4.80	–0.05	+0.01	+0.28	+0.58
	04/07	5.500	97.4500	5.85	–0.03	+0.02	+0.13	–0.45

London closing. *New York mid-day. Source: Interactive Data/FT Information
Yields: Local market standard/Annualised yield basis. Yields shown for Italy exclude withholding tax at 12.5 per cent payable by nonresidents.

10 YEAR BENCHMARK SPREADS

Oct 23	Bid Yield	Spread vs Bunds	Spread vs T-Bonds		Bid Yield	Spread vs Bunds	Spread vs T-Bonds
Australia	6.30	+0.60	+0.25	New Zealand	6.84	+1.14	+0.79
Austria	5.75	+0.05	–0.30	Norway	5.85	+0.15	–0.20
Belgium	5.83	+0.13	–0.22	Portugal	6.07	+0.37	+0.02
Canada	5.65	–0.05	–0.40	Spain	6.03	+0.33	–0.02
Denmark	6.21	+0.51	+0.16	Sweden	6.44	+0.74	+0.39
Finland	5.87	+0.17	–0.18	Switzerland	3.65	–2.05	–2.40
France	5.71	+0.01	–0.34	UK	6.54	+0.84	+0.49
Germany	5.70	-	–0.35	US	6.05	+0.35	-
Ireland	6.12	+0.42	+0.07	ECU	5.85	+0.15	–0.20
Italy	6.14	+0.44	+0.09				
Japan	1.78	–3.92	–4.27				
Netherlands	5.69	–0.02	–0.37				

Source: Interactive Data/FT Information
London closing. * New York closing.
Annualised yield basis.

EMERGING MARKET BONDS

Oct 23	Red date	Coupn	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd vs US
EUROPE								
Croatia	02/02	7.000	BBB–	97.8420	7.59	+0.04	+0.13	+1.61
Poland	07/00	7.750	BBB–	102.7432	6.59	–0.06	+0.13	+0.72
Russia	11/01	9.250	BB–	104.6017	7.86	–0.17	–0.42	+1.85
LATIN AMERICA								
Argentina	01/17	11.375	BB	117.3968	9.38	–0.10	–0.07	+3.19
Brazil	11/01	8.875	BB–	103.2775	7.89	–0.10	–0.02	+1.96
Mexico	01/07	9.875	BB	108.9056	8.48	–0.14	–0.22	+2.41
ASIA								
China	07/06	7.750	BBB+	104.6396	7.01	–0.08	–0.03	+0.96
Philippines	10/16	8.750	BB+	99.8072	8.77	–0.10	+0.03	+2.59
Thailand	04/07	7.750	A–	97.7350	8.09	–0.06	+0.23	+2.04
AFRICA/MIDDLE EAST								
Lebanon	07/00	9.125	BB–	104.1194	7.39	–0.40	–0.22	+1.52
South Africa	12/99	8.625	BB+	105.8051	6.65	–0.71	–0.18	+0.82
Turkey	05/02	10.000	B	106.1507	8.35	–0.20	–0.37	+2.37
BRADY BONDS								
Argentina	03/23	5.500	BB	76.3831	8.16	–0.10	–0.13	+1.90
Brazil	04/24	5.250	BB–	74.5952	8.29	–0.10	–0.14	+1.99
Mexico	12/19	6.250	BB	83.3919	7.84	–0.09	–0.04	+1.62
Venezuela	03/20	6.750	B+	88.0913	7.89	–0.12	–	+1.65

London closing. Prices in US$. Standard & Poor's ratings. Source: Interactive Data/FT Information.

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	98.00	98.14	+0.32	98.42	97.80	190,762	215,344
Mar	97.48	97.58	+0.28	97.84	97.46	763	7,706
Jun	97.04	97.18	+0.32	97.04	97.04	2	–

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Nov	CALLS Dec	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Mar
97	-	1.43	-	0.05	0.29	0.96
98	0.39	0.75	0.99	0.25	0.61	1.41
99	0.06	0.31	0.58	0.92	1.17	1.98
100	0.01	0.10	0.31	1.87	1.95	-
101	0.01	0.03	0.14	2.87	2.88	-

Est. vol. total, Calls 33,454 Puts 15,965. Previous day's open int., Calls 87,058 Puts 108,335.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	101.51	101.77	+0.45	102.08	101.45	283532	283050
Mar	101.26	101.06	+0.46	101.28	101.26	46	10958

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
10100	0.40	0.79	0.65	0.98	0.08	0.47	1.05	1.38
10150	0.10	0.52	0.46	0.77	0.28	0.70	1.36	1.67
10200	0.02	0.31	0.31	0.59	0.70	0.99	1.71	1.99

Est. vol. total, Calls 63742 Puts 61938. Previous day's open int., Calls 252277 Puts 316504

■ NOTIONAL GERMAN BUND (BOBL) FUTURES (DTB) DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	102.68	102.85	+0.31	103.09	102.68	210,599	270,675
Mar	101.98	102.18	+0.34	102.25	101.98	4,705	18,035

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	111.70	111.67	+0.14	112.04	111.53	59984	113132
Mar		111.64	+0.15			0	1431

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Dec	CALLS Mar	PUTS Dec	PUTS Mar
11150	0.72	1.40	0.69	1.41
11200	0.49	1.20	0.96	1.71
11250	0.31	0.97	1.28	1.98

Est. vol. total, Calls 4147 Puts 7756. Previous day's open int., Calls 123845 Puts 110759

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	102.71	102.90	+0.29	103.20	102.67	113,609	85,115
Mar	-	102.43	+0.29	-	-	-	50

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	118-08	118-21	+0-19	119-08	118-08	113799	179271
Mar	118-25	118-21	+0-20	118-29	118-20	6561	28632

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
118	0-19	0-63	1-26	1-60	0-15	0-59	1-24	1-58
119	0-03	0-36	0-60	1-30	0-63	1-32	1-58	2-28
120	0-01	0-19	0-39	1-06	1-61	2-15	2-37	3-04

Est. vol. total, Calls 2679 Puts 2553. Previous day's open int., Calls 64150 Puts 39195

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	97.20	97.40	+0.22	97.62	97.12	1,491	5,061

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	115-11	116-21	+1-13	117-00	115-05	294,106	632,909
Mar	115-15	116-11	+1-13	117-00	115-15	759	68,776
Jun	114-16	115-30	+1-11	116-00	114-16	3	8,301

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Dec	129.85			130.20	129.80	5175	n/a
Mar	128.90			129.22	128.80	700	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

US CORPORATE BONDS

Oct 22	Red date	Coupn	S & P Rating	Bid price	Bid yield	Day's chge yld	Mth's chge yld	Sprd v Govts
UTILITIES								
Pac Bell	07/02	7.25	AA–	103.2213	6.43	–0.02	+0.08	+0.39
NY Tel	06/25	7.00	A+	96.2385	7.31	–0.01	+0.08	+0.90
CWE	05/08	8.00	BBB	107.3167	7.00	–0.02	+0.06	+0.89
FINANCIALS								
GECC	05/07	8.75	AAA	114.9991	6.60	–0.02	+0.06	+0.49
Banc One	08/02	7.25	A+	103.0077	6.50	–0.01	+0.08	+0.46
US West	01/07	7.30	BBB+	102.3469	6.94	–0.02	+0.12	+0.83
INDUSTRIALS								
WMX Tech	04/99	6.25	A–	100.0931	6.22	+0.03	+0.10	+0.34
Wal Mart	05/02	6.75	AA	101.4554	6.37	–0.02	+0.06	+0.33
Dayton Hud	06/21	9.70	BBB+	125.5598	7.39	–	+0.12	+0.98
AGENCIES								
FHLMC	04/07	7.14	N/A	105.2008	6.39	–0.02	+0.05	+0.28
SLMA	03/00	7.50	N/A	103.1990	6.02	–0.02	+0.10	+0.09
FNMA	02/18	8.95	N/A	123.3889	6.80	–0.01	+0.07	+0.39
FFCB	06/05	8.95	N/A	116.6857	6.39	–0.01	+0.09	+0.28
HIGH YIELD								
Stone Cont	02/01	9.88	B	102.5000	0.00	–	–	–
AK Stl	12/01	9.13	BB–	105.0000	0.00	–	–	–
Pacalta	06/04	10.75	B–	104.7500	0.00	–	–	–

New York closing. Source: Interactive Data/FT Information.
Standard & Poor's ratings. Yields: semi-annual basis.

US INTEREST RATES

Latest — Treasury Bills and Bond Yields

Prime rate	8½	One month	-	Two year	5.75
Broker loan rate	7¾	Two month	-	Three year	5.81
Fed.funds	5[illegible]	Three month	5.07	Five year	5.91
Fed.funds at intervention	-	Six month	5.32	10-year	6.00
		One year	5.43	30-year	6.31

INTERNATIONAL BONDS

Oct 23	Red date	Coupon	S & P Rating	Bid price	Bid yld	Day's chge yld	Mth's chge yld	Spread v Govts
[illegible]								
EIB	02/07	5.750	AAA	99.9600	5.75	–0.05	+0.18	+0.05
Spain	01/07	5.750	AA	99.3600	5.84	–0.07	+0.20	+0.14
Philip Morris	03/04	5.375	A	97.8631	5.78	–0.04	+0.25	+0.32
ABN Amro FRN	03/05	3.625	n/a	99.5018	5.73	–0.06	+0.27	+0.15
[illegible]								
Austria	01/04	5.500	AAA	100.1300	5.47	–0.07	+0.37	+0.04
Abbey Nat	02/04	6.000	AA	102.3900	5.53	–0.04	+0.34	+0.10
Cred Foncier	02/04	9.125	A	116.6800	5.87	–0.01	+0.39	+0.44
Abbey Nat FRN	09/06	4.510	AAr	99.6261	4.56	–0.05	+0.26	–1.06
EURO LIRA								
EIB	02/07	7.000	AAA	106.5000	6.06	–0.01	–0.03	–0.06
Abbey Nat	02/02	6.800	AA	103.7500	5.78	–0.02	+0.15	–0.05
Walt Disney	06/00	8.625	A	106.4200	5.91	–0.02	+0.20	+0.40
Abbey Nat FRN	03/07	8.000	AAr	103.4002	7.05	–0.07	–0.01	+0.91
[illegible]								
EIB	12/07	7.625	AAA	105.8674	6.80	–0.07	–0.10	+0.26
Dresdner Bk	12/07	7.750	AA	103.9018	7.19	–0.07	–0.10	+0.65
RBS	01/07	8.375	A+	106.9972	7.30	–0.07	–0.16	+0.76
Abbey Nat FRN	02/02	7.400	AA	99.9476	6.69	–0.05	–0.06	+0.04
[illegible]								
EIB	04/07	7.250	AAA	105.3475	6.47	–0.10	–	+0.42
ABN Amro	06/07	7.125	AA–	102.8278	6.72	+0.06	–0.02	+0.67
Quebec	01/07	7.000	A+	102.1684	6.66	–0.10	–0.03	+0.63
Citicorp FRN	02/04	5.781	A+	100.1523	5.73	–0.10	–0.13	–0.28
[illegible]								
Bayer L-Bk	09/04	9.500	AAA	120.5537	5.75	–0.07	–0.09	+0.11
Toronto	05/04	8.500	AA+	114.7172	5.74	–0.08	–0.11	+0.10
Bell Canada	07/99	10.625	A+	109.1974	4.87	–0.05	+0.24	+0.02
Deutsche B FRN	09/02	5.875	AAA	102.2877	5.34	–0.10	–0.06	–0.10
[illegible]								
World Bank	08/02	5.250	AAA	117.8600	1.12	–0.02	–0.13	–0.01
Spain	03/02	5.750	AA	119.4500	1.19	–	–0.12	+0.06
Cred Foncier	08/02	4.750	A	114.2312	1.68	–	–0.10	+0.50
Italy FRN	07/99	0.703	AA	100.7166	0.14	–	+0.02	–0.35

London closing. Source: Interactive Data/FT Information
Standard & Poor's ratings. Yields: Local market standard/Annualised basis.

UK BONDS

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Wed Oct 22	Day's change %	Tue Oct 21	Accrued interest	xd adj. ytd
1 Up to 5 years (20)	120.16	0.01	120.14	2.59	8.29
2 5-15 years (20)	156.99	0.02	156.97	3.07	9.03
3 Over 15 years (4)	188.20	0.05	188.11	3.79	9.77
4 Irredeemables (4)	227.40	–0.17	227.78	4.58	9.50
5 All stocks (48)	150.33	0.02	150.30	3.07	9.03

	Low coupon yield Oct 22	Oct 21	Yr. ago	Medium coupon yield Oct 22	Oct 21	Yr. ago	High coupon yield Oct 22	Oct 21	Yr. ago
5 yrs	6.67	6.67	7.00	6.79	6.79	7.06	6.82	6.82	7.13
15 yrs	6.61	6.61	7.78	6.62	6.62	7.76	6.69	6.68	7.82
20 yrs	6.61	6.61	7.89	6.60	6.60	7.86	6.69	6.68	7.91
Irred.†	6.70	6.68	7.97						

Index-linked	Wed Oct 22	Day's change %	Tue Oct 21	Accrued interest	xd adj. ytd
6 Up to 5 years (2)	209.87	0.04	209.79	0.34	6.09
7 Over 5 years (10)	211.79	0.12	211.54	1.39	5.21
8 All stocks (12)	210.51	0.11	210.28	1.22	5.26

	Inflation 5% Oct 22	Oct 21	Yr. ago	Inflation 10% Oct 22	Oct 21	Yr. ago
Up to 5 yrs	3.21	3.21	3.10	2.47	2.47	2.41
Over 5 yrs	3.20	3.21	3.55	2.99	2.99	3.34

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date. Latest data unavailable.

FT Fixed Interest Indices

	Oct 23	Oct 22	Oct 21	Oct 20	Oct 17	Yr ago	High*	Low*
Govt. Secs. (UK)	100.11	99.69	99.64	99.76	100.11	93.83	101.63	93.31
Fixed Interest	132.65	132.17	132.29	132.37	132.56	115.40	133.54	115.32

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UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Shorts" (Lives up to Five Years)						
Treas 4½pc 1998‡‡	3.98	6.51	115[illegible]xd	+[illegible]	116	113¾
Exch 9¾pc 1998	9.70	7.00	100[illegible]	—	104[illegible]	100[illegible]
Treas 7¾pc 1998‡‡	7.24	6.99	100½	—	104[illegible]	100[illegible]
Treas 15½pc '98‡‡	14.41	6.98	107[illegible]	—	116[illegible]	107[illegible]
Exch 12pc 1998	11.43	7.03	105	—	110[illegible]	105
Treas 9½pc 1999‡‡	9.24	6.99	102[illegible]	+[illegible]	105[illegible]	[illegible]
Treas Flg Rate 1999‡‡	-	-	100[illegible]	—	100[illegible]	99[illegible]
Exch 12¼pc 1999	11.45	7.09	106[illegible]	+[illegible]	112[illegible]	106[illegible]
Treas 10½pc 1999	9.99	6.98	105[illegible]	+[illegible]	109[illegible]	105[illegible]
Treas 6pc 1999 ‡‡	6.09	6.90	98½	+[illegible]	99[illegible]	95[illegible]
Conv 10¼pc 1999	9.65	6.98	106[illegible]	+[illegible]	109½	105[illegible]
Treas 8½pc 2000	8.24	6.97	103[illegible]	+[illegible]	104[illegible]	102[illegible]
Conv 9pc 2000‡‡	8.62	6.90	104[illegible]	+[illegible]	106[illegible]	103[illegible]
Treas 13pc 2000	11.33	6.94	114[illegible]	+[illegible]	119[illegible]	114[illegible]
Treas 14pc 1998-1	13.48	6.92	103[illegible]	—	111[illegible]	103[illegible]
Treas 8pc 2000‡‡	7.75	6.82	103[illegible]	+[illegible]	104[illegible]	102
Treas Flg Rate 2001	-	-	100[illegible]	—	100[illegible]	99[illegible]
Treas 10pc 2001	9.16	6.86	109[illegible]	+[illegible]	112[illegible]	[illegible]
Conv 9¾pc 2001‡‡	8.76	6.87	106[illegible]	+[illegible]	106[illegible]	107[illegible]
Conv 9¾pc 2001	8.91	6.85	109[illegible]	+[illegible]	110[illegible]	108[illegible]
Treas 7pc 2001 ‡‡	6.95	6.76	100[illegible]	+[illegible]	101[illegible]	98[illegible]
Exch 12pc 1999-2	11.35	7.05	105[illegible]	—	109[illegible]	105[illegible]
Conv 10pc 2002	8.91	6.78	112[illegible]	+[illegible]	113[illegible]	109[illegible]
Treas 7pc 2002‡‡	6.81	6.86	101[illegible]	+[illegible]	102[illegible]	97[illegible]
Five to Fifteen Years						
Conv 9½pc 2002	8.59	6.78	110[illegible]	+[illegible]	112[illegible]	108[illegible]
Treas 9¾pc 2002	8.69	6.75	112[illegible]	+[illegible]	122[illegible]	109[illegible]
Exch 9pc 2002	8.23	6.76	109[illegible]	+[illegible]	111[illegible]	105[illegible]
Conv 9¾pc 2003‡‡	8.58	6.73	113[illegible]	+[illegible]	113[illegible]	110[illegible]
Treas 8pc 2003‡‡	7.53	6.85	106[illegible]	+[illegible]	107[illegible]	102[illegible]
Treas 13¾pc 2000-3	11.78	6.80	116[illegible]	+[illegible]	119[illegible]	116[illegible]
Treas 10pc 2003	8.63	6.68	115[illegible]	+[illegible]	117[illegible]	111[illegible]
Treas 11½pc 2001-4	10.19	6.87	113[illegible]	+[illegible]	121[illegible]	113[illegible]
Treas 10pc 2004	8.52	6.67	117[illegible]	+[illegible]	119[illegible]	113
Funding 3½pc 1999-4	3.93	5.44	89[illegible]	+[illegible]	90[illegible]	82[illegible]
Conv 9½pc 2004	8.20	6.61	115[illegible]xd	+[illegible]	118[illegible]	109[illegible]
Treas 6¾pc 2004‡‡	6.69	6.68	100[illegible]	+[illegible]	102[illegible]	94[illegible]
Conv 9½pc 2005	8.15	6.64	116[illegible]	+[illegible]	122[illegible]	110[illegible]
Exch 10½pc 2005	8.50	6.62	123[illegible]	+[illegible]	125[illegible]	117[illegible]
Treas 12½pc 2003-5	9.73	6.70	128[illegible]	+[illegible]	130[illegible]	124[illegible]
Treas 8½pc 2005‡‡	7.60	6.68	111[illegible]	+[illegible]	114[illegible]	104[illegible]
Conv 9¾pc 2006	8.05	6.60	121[illegible]	+[illegible]	122[illegible]	113[illegible]
Treas 7½pc 2006‡‡	7.09	6.58	106[illegible]	+[illegible]	108[illegible]	98[illegible]
Treas 7¾pc 2006‡‡	7.21	6.62	107[illegible]	+[illegible]	110[illegible]	99[illegible]
Treas 8pc 2002-6‡‡	7.62	6.78	104[illegible]	+[illegible]	106[illegible]	100[illegible]
Treas 11¾pc 2003-7	9.65	6.74	121[illegible]	+[illegible]	123[illegible]	115[illegible]
Treas 8½pc 2007 ‡‡	7.50	6.61	113[illegible]	+[illegible]	115[illegible]	105[illegible]
Treas 7¼pc 2007‡‡	6.89	6.54	105[illegible]	+[illegible]	107[illegible]	95[illegible]
Treas 13½pc 2004-8	9.99	6.69	135[illegible]	+[illegible]	136[illegible]	131[illegible]
Treas 9pc 2008 ‡‡	7.57	6.56	118[illegible]	+[illegible]	121[illegible]	109[illegible]
Treas 8pc 2009	7.16	6.57	111[illegible]	+[illegible]	114[illegible]	100[illegible]
Treas 6¼pc 2010‡‡	6.44	6.59	97	+[illegible]	99[illegible]	89[illegible]
Conv 9pc Ln 2011 ‡‡	7.41	6.59	121[illegible]	+[illegible]	124[illegible]	108[illegible]
Treas 9pc 2012‡‡	7.35	6.60	122[illegible]xd	+[illegible]	125[illegible]	109[illegible]
Treas 5½pc 2008-12‡‡	6.02	6.46	91[illegible]	+[illegible]	93[illegible]	79[illegible]
Treas 7¾pc 2012-15‡‡	7.02	6.64	110[illegible]	+[illegible]	112[illegible]	98[illegible]
Over Fifteen Years						
Treas 8pc 2013‡‡	7.02	6.57	113[illegible]	+[illegible]	116[illegible]	100[illegible]
Treas 8pc 2015‡‡	6.91	6.60	115[illegible]	+[illegible]	118[illegible]	100[illegible]
Treas 8¾pc 2017‡‡	7.04	6.54	124[illegible]	+1[illegible]	126[illegible]	108[illegible]
Exch 12pc 2013-17	7.83	6.59	153[illegible]	+[illegible]	155[illegible]	138[illegible]
Treas 8pc 2021‡‡	6.76	6.47	118[illegible]	+1[illegible]	121[illegible]	100[illegible]
Undated						
Consols 4pc	6.65	-	[illegible]	+[illegible]	[illegible]	48[illegible]
War Loan 3½pc‡‡	6.59	-	53[illegible]	+[illegible]	54[illegible]	43[illegible]
Conv 3½pc '61 Aft	5.84	-	[illegible]	+[illegible]	71[illegible]	60[illegible]
Treas 3pc '66 Aft	6.98	-	42[illegible]	+[illegible]	43[illegible]	35[illegible]
Consols 2½pc	6.59	-	37[illegible]	+[illegible]	38[illegible]	31[illegible]
Treas 2½pc	6.72	-	37[illegible]	+[illegible]	38[illegible]	30[illegible]

Index-Linked (b)	Yield (1)	Yield (2)	Price £	+ or –	52 week High	52 week Low
2½pc '99	2.84	3.19	186[illegible]	+[illegible]	187[illegible]	179[illegible]
2½pc '01 (78.3)	3.17	3.47	193	+[illegible]	193[illegible]	184[illegible]
2½pc '03 (78.8)	3.16	3.37	190[illegible]	+[illegible]	190[illegible]	180[illegible]
4⅝pc '04‡‡ (135.6)	3.13	3.31	123[illegible]xd	+[illegible]	125[illegible]	117[illegible]
2pc '06 (69.5)	3.17	3.31	203[illegible]	+[illegible]	203[illegible]	189[illegible]
2½pc '09 (78.8)	3.13	3.24	184[illegible]	+[illegible]	185	[illegible]
2½pc '11 (74.6)	3.14	3.23	192[illegible]	+1[illegible]	192[illegible]	175[illegible]
2½pc '13 (89.2)	3.14	3.22	159[illegible]	+1[illegible]	159[illegible]	144[illegible]
2½pc '16 (81.6)	3.14	3.21	172½	+1[illegible]	172½	153[illegible]
2½pc '20 (83.0)	3.16	3.23	168[illegible]	+1[illegible]	168[illegible]	146[illegible]
2½pc '24‡‡ (97.7)	3.15	3.21	139[illegible]	+1[illegible]	139[illegible]	121[illegible]
4⅛pc '30‡‡ (135.1)	3.15	3.21	137[illegible]	+1[illegible]	137[illegible]	119[illegible]

Prospective real redemption rate on projected inflation of (1) 5% and (2) 3%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in February 1987. Conversion factor 3.945. RPI for February 1997: 155.0 and for September 1997: 159.3.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Asian Dev 10¼pc 2009	8.07	6.80	127[illegible]	—	129[illegible]	116[illegible]
B'ham 11½pc 2012	8.19	7.05	140½xd	—	141½	125½
Leeds 13½pc 2006	9.41	-	143½	—	144½	132½
Liverpool 3½pc Irred	7.90	-	50	—	50	37½
LCC 3pc '20 Aft	6.98	-	43	—	43	33
Manchester 11½pc 2007	8.75	7.05	131½xd	—	132½	121½
Met. Wtr. 3pc 'B'	3.53	6.20	85	—	85	79
Wales Anglia 3⅞pc 2021	-	3.92	161[illegible]	—	161[illegible]	141[illegible]
4⅛pc IL 2024	-	3.96	152[illegible]	—	152[illegible]	136[illegible]

● 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds per £100 nominal of stock. Prospective real Index-Linked redemption yields are calculated by HSBC Greenwell from Bank of England closing prices. ‡ Indicative price.

هكذا من الأصل

CURRENCIES AND MONEY

Hong Kong dollar peg under pressure

MARKETS REPORT

By Richard Adams

A nerveless performance by the Hong Kong Monetary Authority bolstered confidence in its ability to hold its currency peg, after the focus shifted to the equities market yesterday.

London analysts were sceptical on Wednesday over the HKMA's will to squeeze liquidity out of the domestic market in order to defend the dollar. But squeeze it they did: Hong Kong's overnight rates shot up to 200 per cent at Thursday's close, against Wednesday's close of 10 per cent. The effects were felt elsewhere, as the Hang Seng index fell sharply.

The smaller south-east Asian economies took the opportunity to sell US dollars while the focus was elsewhere, prompting rebounds by the Philippine peso, the Malaysian ringgit and the Indonesian rupiah. But the yen and the New Zealand and Australian dollars traded nervously, and sterling lost ground as the FTSE 100 suffered a sharp fall.

The pound fell by almost two pfennig against the D-Mark, from DM2.91 on Wednesday's close of trading in London to DM2.89 yesterday. Sterling was also off by half a cent against the US dollar.

The dollar was also down against the D-Mark, and the yen slipped from Y67.7 to Y68.6 in Europe.

■ Traders said the market for the Hong Kong dollar had "virtually disappeared", as the liquidity grip took hold. Steve Jennions, at Crédit Agricole-Indosuez in London, said the forex market had been "locked out" by its inability to borrow in Hong Kong dollars. By close of trading in London, the Hong Kong dollar was at HK$7.726. The floor of the peg is HK$7.80, but the Hong Kong authorities vowed to stay above the floor.

After reports it had sold between $7bn-$10bn of its currency reserves on Tuesday and Wednesday to prop up the dollar, the Hong Kong authority claimed it had not intervened yesterday. But dealers said there were indications the HKMA had been in both the currency and the money markets.

The HKMA also said it would impose penal rates of interest on its Liquidity Adjustment Facility, or discount window, tightening money market liquidity. It said it had sold US dollars on Wednesday, but denied being active in the market yesterday.

There was, however, speculation that the Singapore and Japanese authorities had been prepared to intervene to help the former colony's currency.

■ Until recent events, most analysts believed the weakness of south-east Asian currencies would not spread. Then the Taiwan dollar swiftly abandoned its peg and the Hong Kong dollar came under pressure. The question is: who next?

The yen, the New Zealand dollar and the Australian dollar all look vulnerable to contagion, reflecting a rise in regional risk premia, as well as the amount of trade carried out with the affected economies, and accusations of overvaluation following the decline in currencies elsewhere in the region. On top of all that, the Japanese, New Zealand and Australian economies are not fundamentally strong at present.

Nearly 40 per cent of Japanese exports go to the region, while over 60 per cent of Australian exports are to the region. As a result, the Aussie dollar is now worth less than $0.70 for the first time since 1994, while the New Zealand dollar is wobbling above $0.62.

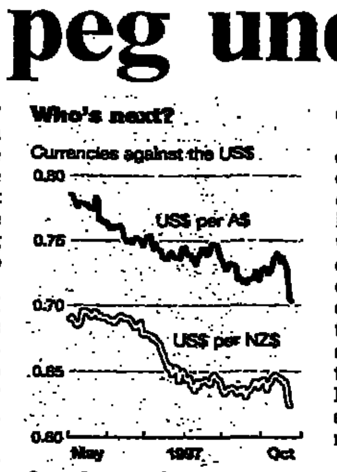
■ The yen finds itself under pressure, at least as much from its fundamentals as from contagion, although the two are obviously linked.

Joe Craven, a senior dealer at the Bank of Montreal in London, says the outlook for the yen is poor, and expects the currency to trade in a channel ending around Y125 against the US dollar by the middle of January next year. "Verbal intervention" by Japanese officials can be expected when the Y123 level is reached.

The yen closed in London down by Y1 against the US dollar, at Y121.75. There was thought to be scope for further gains. "The market has been partially spooked by talk the Bank of Japan left orders to sell dollars near Y121.80," Marc Chandler, at Deutsche Morgan Grenfell, said.

Who's next?

Currencies against the US$



Source: Datastream/ICV

■ **Pound in New York**

Oct 23	—Latest—	— Prev. close —
£ spot	1.6320	1.6330
1 mth	1.6298	1.6308
3 mth	1.6258	1.6270
1 yr	1.6099	1.6117

■ **OTHER CURRENCIES**

Oct 23	£	$
Czech Rp	54.1205 - 54.2092	33.2150 - 33.2490
Hungary	321.709 - 321.988	197.440 - 197.490
Iran	4891.30 - 4888.20	3000.00 - 3000.00
Kuwait	0.4958 - 0.4963	0.3043 - 0.3044
Poland	5.5334 - 5.5434	3.3960 - 3.4000
Russia	9567.84 - 9575.34	5872.00 - 5873.00
U.A.E.	5.9843 - 5.9885	3.6727 - 3.6730

POUND SPOT FORWARD AGAINST THE POUND

Oct 23		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	20.3593	-0.1416	494 - 691	20.5452	20.3132	20.2979	3.6	20.1804	3.5	19.7487	3.0	102.4
Belgium	(BFr)	59.6397	-0.391	904 - 889	60.1650	59.5070	59.4708	3.4	59.1272	3.4	57.8618	3.0	102.0
Denmark	(DKr)	11.0114	-0.0795	064 - 164	11.1177	10.9922	10.9798	3.4	10.9212	3.3	10.7197	2.6	104.0
Finland	(FM)	8.6445	-0.0734	357 - 532	8.7360	8.6310	8.6167	3.9	8.5667	3.6	8.3967	2.9	81.4
France	(FFr)	9.6905	-0.0723	863 - 947	9.7817	9.6723	9.66	3.8	9.601	3.7	9.392	3.1	105.3
Germany	(DM)	2.8925	-0.0202	912 - 938	2.9205	2.8882	2.8835	3.8	2.8661	3.7	2.8039	3.1	103.0
Greece	(Dr)	454.620	-1.529	375 - 865	457.440	453.314	456.098	-3.9	458.63	-3.5	468.407	-3.0	65.4
Ireland	(I£)	1.1111	-0.0079	097 - 124	1.1219	1.1085	1.1102	0.9	1.1081	1.1	1.094	1.5	97.5
Italy	(L)	2826.49	-17.59	456 - 842	2850.09	2816.40	2825.56	0.4	2821.61	0.7	2784.39	1.5	76.2
Luxembourg	(LFr)	59.6397	-0.391	904 - 889	60.1850	59.5070	59.4708	3.4	59.1272	3.4	57.8618	3.0	102.0
Netherlands	(Fl)	3.2590	-0.0244	572 - 608	3.2894	3.2530	3.2485	3.9	3.2288	3.7	3.159	3.1	101.3
Norway	(NKr)	11.6479	-0.1707	437 - 520	11.8535	11.6261	11.6135	3.5	11.5526	3.3	11.3298	2.7	99.4
Portugal	(Es)	294.360	-2.393	107 - 613	296.964	293.829	293.919	1.8	292.873	2.0	287.71	2.3	92.0
Spain	(Pta)	243.825	-1.826	709 - 940	246.050	243.380	243.4	2.1	242.502	2.2	238.229	2.3	77.0
Sweden	(SKr)	12.4265	-0.1208	186 - 344	12.5681	12.3799	12.3972	2.8	12.3432	2.7	12.1772	2.0	86.9
Switzerland	(SFr)	2.3980	-0.014	968 - 991	2.4237	2.3913	2.3872	5.4	2.366	5.3	2.2834	4.8	105.4
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	101.7
Ecu	-	1.4677	-0.0093	667 - 686	1.4796	1.4649	1.4642	2.9	1.4574	2.8	1.431	2.5	-
SDR†	-	1.195190	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6297	-0.0051	291 - 302	1.6337	1.6262	-	-	-	-	-	-	-
Brazil	(R$)	1.7937	-0.0056	930 - 943	1.7981	1.7901	-	-	-	-	-	-	-
Canada	(C$)	2.2632	-0.0115	621 - 643	2.2734	2.2597	2.2563	3.7	2.2437	3.4	2.1997	2.8	84.6
Mexico	(New Peso)	12.6440	+0.0218	360 - 519	12.6927	12.5726	12.7669	-11.7	13.0136	-11.7	13.9879	-10.6	
USA	($)	1.6299	-0.0051	294 - 304	1.6340	1.6265	1.6277	1.6	1.6237	1.5	1.6085	1.3	105.6
Pacific/Middle East/Africa													
Australia	(A$)	2.3194	+0.003	178 - 209	2.3331	2.2932	2.315	2.3	2.3051	2.5	2.2851	2.3	89.1
Hong Kong	(HK$)	12.5926	-0.0778	847 - 005	12.6531	12.4353	12.4665	12.0	12.7892	-6.2	13.0322	-3.5	-
India	(Rs)	59.0513	-0.1112	843 - 183	59.1480	58.9260	-	-	-	-	-	-	-
Israel	(Shk)	5.7701	-0.0191	603 - 799	5.7757	5.7680	-	-	-	-	-	-	-
Japan	(Y)	198.440	+1.136	298 - 583	198.760	196.970	197.285	7.0	195.01	6.9	185.47	6.5	126.2
Malaysia	(M$)	5.4808	-0.0735	707 - 904	5.5767	5.4267	5.4904	-2.1	5.5142	-2.5	5.6582	-3.2	-
New Zealand	(NZ$)	2.6168	+0.0115	150 - 187	2.6249	2.6039	2.6185	-0.8	2.621	-0.6	2.6281	-0.4	105.9
Philippines	(Peso)	56.2316	-0.5847	514 - 118	57.4155	56.0462	57.1174	-18.9	58.1992	-14.0	63.5485	-13.0	-
Saudi Arabia	(SR)	6.1135	-0.0188	112 - 158	6.1283	6.1005	6.108	1.5	6.0922	1.4	6.0403	1.2	-
Singapore	(S$)	2.5736	-0.0163	712 - 760	2.6076	2.5596	2.5721	0.7	2.5671	1.0	2.5301	1.7	-
South Africa	(R)	7.7070	-0.0058	022 - 118	7.7577	7.6925	7.76	-8.3	7.8565	-7.8	8.2308	-6.8	-
South Korea	(Won)	1501.38	+4.37	954 - 323	1503.87	1496.54	-	-	-	-	-	-	-
Taiwan	(T$)	49.3078	-0.1101	502 - 653	49.7197	49.2472	49.2604	1.2	49.1748	1.1	48.8441	0.9	-
Thailand	(Bt)	62.2215	-0.1947	987 - 443	63.7920	61.4410	62.2327	-0.2	62.5731	-2.3	65.4408	-5.2	-

† Rates for Oct 22. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T. The exchange rates printed in this table are also available on the Internet at http://www.FT.com

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Oct 23		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P Morgan index
Europe													
Austria	(Sch)	12.4911	-0.0477	889 - 933	12.5980	12.4560	12.4701	2.0	12.4286	2.0	12.2786	1.7	102.0
Belgium	(BFr)	36.5910	-0.125	720 - 100	36.9050	36.5000	36.5363	1.8	36.415	1.9	35.975	1.7	102.0
Denmark	(DKr)	6.7559	-0.0275	549 - 569	6.8151	6.7405	6.7455	1.8	6.7261	1.8	6.6649	1.3	103.3
Finland	(FM)	5.3037	-0.0284	999 - 074	5.3585	5.2945	5.2938	2.3	5.276	2.1	5.2207	1.6	80.6
France	(FFr)	5.9455	-0.0256	447 - 462	6.0000	5.9310	5.9347	2.2	5.9131	2.2	5.8395	1.8	104.5
Germany	(DM)	1.7747	-0.0068	744 - 749	1.7901	1.7700	1.7715	2.2	1.7652	2.1	1.7434	1.8	102.4
Greece	(Dr)	278.925	-0.065	860 - 990	280.670	277.970	280.2	-5.5	282.44	-5.0	291.16	-4.4	65.2
Ireland	(I£)	1.4670	+0.0057	657 - 683	1.4685	1.4528	1.4662	0.7	1.4655	0.4	1.4703	-0.2	-
Italy	(L)	1734.15	-5.35	350 - 480	1747.15	1728.23	1735.89	-1.2	1737.73	-0.8	1731.08	0.2	75.9
Luxembourg	(LFr)	36.5910	-0.125	720 - 100	36.9050	36.5000	36.5363	1.8	36.415	1.9	35.975	1.7	102.0
Netherlands	(Fl)	1.9995	-0.0087	990 - 000	2.0170	1.9946	1.9957	2.3	1.9886	2.2	1.9641	1.8	101.1
Norway	(NKr)	7.1464	-0.0821	460 - 467	7.2632	7.1370	7.1349	1.9	7.1151	1.7	7.0449	1.4	97.9
Portugal	(Es)	180.600	-0.9	500 - 700	182.140	180.150	180.57	0.2	180.373	0.5	178.88	1.0	92.3
Spain	(Pta)	149.585	-0.65	570 - 620	150.880	149.230	149.534	0.5	149.35	0.7	148.115	1.0	76.5
Sweden	(SKr)	7.6241	-0.0501	216 - 266	7.6967	7.5999	7.6164	1.2	7.602	1.2	7.5711	0.7	86.1
Switzerland	(SFr)	1.4713	-0.0039	710 - 715	1.4851	1.4667	1.4667	3.8	1.4573	3.8	1.4198	3.5	105.0
UK	(£)	1.6299	-0.0051	294 - 304	1.6340	1.6265	1.6277	1.6	1.6237	1.5	1.6085	1.3	101.9
Ecu	-	1.1108	+0.0038	102 - 109	1.1125	1.1025	1.1118	-1.2	1.1141	-1.3	1.124	-1.2	-
SDR†	-	0.73381	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9999	-	998 - 999	0.9999	0.9998	-	-	-	-	-	-	-
Brazil	(R$)	1.1005	-	004 - 005	1.1007	1.1003	-	-	-	-	-	-	-
Canada	(C$)	1.3886	-0.0027	883 - 888	1.3925	1.3869	1.3862	2.1	1.3819	1.9	1.3677	1.5	84.3
Mexico	(New Peso)	7.7575	+0.0375	550 - 600	7.7610	7.7490	7.843	-13.2	8.0135	-13.2	8.6325	-12.1	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	106.3
Pacific/Middle East/Africa													
Australia	(A$)	1.4230	+0.0063	225 - 235	1.4278	1.4099	1.4222	0.7	1.4196	1.0	1.4089	1.0	90.6
Hong Kong	(HK$)	7.7260	-0.0235	235 - 285	7.7495	7.6150	7.8135	-13.6	7.878	-7.8	8.101	-4.9	-
India	(Rs)	36.2300	+0.045	000 - 600	36.2670	36.1800	-	-	-	-	-	-	-
Israel	(Shk)	3.5402	-0.0006	352 - 451	3.5455	3.5342	-	-	-	-	-	-	-
Japan	(Y)	121.750	+1.075	700 - 800	122.000	120.740	121.2	5.4	120.1	5.4	115.305	5.3	128.8
Malaysia	(M$)	3.3625	-0.0345	575 - 675	3.4150	3.3250	3.373	-3.7	3.396	-4.0	3.5175	-4.6	-
New Zealand	(NZ$)	1.6055	+0.012	049 - 062	1.6069	1.6044	1.6086	-2.3	1.614	-2.1	1.6328	-1.7	-
Philippines	(Peso)	34.5000	-0.25	000 - 000	35.3000	34.3000	35.0985	-20.5	35.839	-15.5	39.4935	-14.5	-
Saudi Arabia	(SR)	3.7509	+0.0003	506 - 511	3.7515	3.7504	3.7513	-0.1	3.752	-0.1	3.7551	-0.1	-
Singapore	(S$)	1.5790	-0.005	780 - 800	1.5968	1.5675	1.582	-2.3	1.581	-0.5	1.573	0.4	-
South Africa	(R)	4.7285	+0.0115	270 - 300	4.7535	4.7230	4.7672	-9.8	4.8381	-9.3	5.1155	-8.2	-
South Korea	(Won)	921.150	+5.55	300 - 000	923.500	916.500	-	-	-	-	-	-	-
Taiwan	(T$)	30.2620	+0.027	260 - 780	30.4450	30.1890	30.263	-0.4	30.2845	-0.4	30.3645	-0.4	-
Thailand	(Bt)	38.1750	-	500 - 000	39.0500	37.6500	38.2325	-1.8	38.535	-3.8	40.875	-6.5	-

† SDR rate per $ for Oct 22. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Oct 22: Base average 1990=100. The exchange rates printed in this table are also available on the internet at http://www.FT.com

WORLD INTEREST RATES

MONEY RATES

October 23	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	[illegible]	[illegible]	[illegible]	4	[illegible]	6.00	2.75	-
France	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.30	-	4.75
Germany	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.50	2.50	3.30
Ireland	[illegible]	[illegible]	[illegible]	6	[illegible]	-	-	6.75
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	7.75	6.25	6.02
Netherlands	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	2.75	3.30
Switzerland	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.00	-
US	$5\frac{1}{2}$	[illegible]	[illegible]	[illegible]	[illegible]	-	5.00	-
Japan	$\frac{1}{2}$	[illegible]	[illegible]	$\frac{1}{2}$	[illegible]	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
US Dollar CDs	-	5.46	5.53	5.63	5.83	-	-	-
ECU Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-
SDR Linked Ds	-	[illegible]	[illegible]	[illegible]	[illegible]	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Oct 23	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
German Mark	$3\frac{1}{2}$ - $3\frac{1}{4}$	$3\frac{5}{8}$ - $3\frac{1}{2}$	$3\frac{1}{2}$ - [illegible]	[illegible]	4 - $3\frac{7}{8}$	[illegible]
Dutch Guilder	$2\frac{5}{8}$ - $2\frac{1}{2}$	[illegible]	[illegible]	[illegible]	$3\frac{7}{8}$ - [illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	$3\frac{7}{8}$ - [illegible]	$4\frac{1}{4}$ - $4\frac{1}{8}$
Portuguese Esc.	[illegible]	[illegible]	$5\frac{1}{2}$ - [illegible]	$5\frac{3}{8}$ - [illegible]	[illegible]	[illegible]
Spanish Peseta	$5\frac{1}{8}$ - 5	[illegible]	[illegible]	[illegible]	$5\frac{1}{8}$ - 5	[illegible]
Sterling	$7\frac{1}{4}$ - 7	[illegible]	$7\frac{1}{4}$ - $7\frac{1}{8}$	$7\frac{3}{8}$ - $7\frac{1}{4}$	$7\frac{1}{2}$ - $7\frac{3}{8}$	[illegible]
Swiss Franc	[illegible]	2 - $1\frac{3}{4}$	2 - $1\frac{3}{4}$	[illegible]	[illegible]	[illegible]
Canadian Dollar	[illegible]	$3\frac{5}{8}$ - $3\frac{1}{2}$	[illegible]	[illegible]	4 - $3\frac{7}{8}$	$4\frac{3}{8}$ - $4\frac{1}{4}$
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	$6\frac{5}{8}$ - [illegible]	[illegible]	[illegible]
Japanese Yen	$\frac{1}{2}$ - [illegible]	[illegible]	[illegible]	$\frac{1}{2}$ - [illegible]	[illegible]	[illegible]
Asian $Sing	5 - $4\frac{1}{2}$	$4\frac{3}{4}$ - $4\frac{5}{8}$	$4\frac{1}{2}$ - $4\frac{1}{4}$	$5\frac{1}{2}$ - 5	5 - $4\frac{1}{2}$	$4\frac{1}{2}$ - $4\frac{1}{4}$

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ **THREE MONTH PIBOR FUTURES** (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.14	96.16	+0.04	96.18	96.13	19,748	38,506
Mar	95.76	95.79	+0.07	95.83	95.74	26,397	51,922
Jun	95.46	95.51	+0.06	95.54	95.45	16,325	33,212

■ **THREE MONTH EUROMARK FUTURES** (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	96.14	96.15	+0.04	96.17	96.13	68223	294858
Mar	95.77	95.81	+0.06	95.85	95.77	82623	331073
Jun	95.49	95.52	+0.07	95.57	95.47	92288	286250
Sep	95.27	95.29	+0.07	95.34	95.25	39303	194872

■ **ONE MONTH EUROMARK FUTURES** (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Nov	96.45	96.45	+0.03	96.45	96.45	100	60
Dec		96.16	+0.05			0	6011
Jan		96.22	+0.05			0	200
Feb		96.07	+0.06			0	50

■ **THREE MONTH EUROLIRA FUTURES** (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	93.81	93.80	+0.02	93.86	93.77	18319	107214
Mar	94.49	94.47	+0.02	94.54	94.46	15339	103415
Jun	94.86	94.81	+0.02	94.88	94.79	14400	97144
Sep	94.89	94.88	+0.03	94.91	94.86	6989	63406

■ **THREE MONTH EURO SWISS FRANC FUTURES** (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	97.79	97.82	+0.02	97.87	97.78	16419	81203
Mar	97.56	97.60	+0.03	97.65	97.55	13840	47545
Jun	97.36	97.35	+0.03	97.39	97.33	2025	29682
Sep	97.21	97.17	+0.03	97.21	97.14	1909	18945

■ **THREE MONTH EUROYEN FUTURES** (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	99.47	99.48	+0.02	99.47	99.47	100	n/a
Mar	99.45	99.46	+0.04	99.45	99.45	1600	n/a
Jun		99.42	+0.06			0	n/a

■ **THREE MONTH ECU FUTURES** (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	95.36	95.36	+0.03	95.37	95.35	1753	10496
Mar	95.22	95.22	+0.03	95.25	95.21	739	6098
Jun	95.12	95.13	+0.03	95.19	95.12	542	5903
Sep	95.04	95.05	+0.05	95.07	95.03	290	6580

* LIFFE futures also traded on APT

■ **EUROLIRA OPTIONS** (LIFFE) L1000m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9375	0.15	0.76	1.08	0.12	0.06	0.04
9400	0.05	0.55	0.86	0.27	0.10	0.07
9425	0.01	0.37	0.65	0.48	0.17	0.11

Est. vol. total, Calls 9652 Puts 2758. Previous day's open int., Calls 230547 Puts 113784

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Oct 23		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.46	16.25	4.850	1.863	4739	5.464	19.53	493.6	408.8	20.84	4.021	1.677	3.795	2.733	332.7	2.461
Denmark	(DKr)	54.16	10	8.800	2.627	1.009	2567	2.960	10.58	267.3	221.4	11.29	2.178	0.908	2.055	1.480	180.2	1.333
France	(FFr)	61.54	11.36	10	2.985	1.147	2917	3.363	12.02	303.8	251.6	12.82	2.475	1.032	2.336	1.682	204.8	1.514
Germany	(DM)	20.62	3.807	3.350	1	0.384	977.2	1.127	4.027	101.8	84.29	4.296	0.829	0.346	0.782	0.563	68.60	0.507
Ireland	(I£)	53.68	9.911	8.722	2.603	1	2544	2.933	10.48	264.9	219.5	11.18	2.158	0.900	2.037	1.467	178.6	1.321
Italy	(L)	2.110	0.390	0.343	0.102	0.039	100	0.115	0.412	10.41	8.626	0.440	0.085	0.035	0.080	0.058	7.021	0.052
Netherlands	(Fl)	18.30	3.379	2.974	0.888	0.341	867.3	1	3.574	90.32	74.82	3.813	0.736	0.307	0.694	0.500	60.89	0.450
Norway	(NKr)	51.20	9.454	8.320	2.483	0.954	2427	2.798	10	252.7	209.3	10.67	2.059	0.859	1.943	1.399	170.4	1.260
Portugal	(Es)	20.26	3.741	3.292	0.983	0.377	960.2	1.107	3.957	100	82.83	4.222	0.815	0.340	0.769	0.554	67.41	0.499
Spain	(Pta)	24.46	4.516	3.974	1.186	0.456	1159	1.337	4.777	120.7	100	5.097	0.984	0.410	0.928	0.668	81.39	0.602
Sweden	(SKr)	47.99	8.861	7.798	2.328	0.894	2275	2.623	9.373	236.9	196.2	10	1.930	0.805	1.821	1.312	159.7	1.181
Switzerland	(SFr)	24.87	4.592	4.041	1.206	0.463	1179	1.359	4.857	122.7	101.7	5.182	1	0.417	0.944	0.680	82.75	0.612
UK	(£)	59.64	11.01	9.691	2.893	1.111	2826	3.259	11.65	294.4	243.8	12.43	2.398	1	2.263	1.630	198.4	1.468
Canada	(C$)	26.35	4.865	4.282	1.278	0.491	1249	1.440	5.148	130.1	107.7	5.491	1.060	0.442	1	0.720	87.68	0.648
USA	($)	36.59	6.756	5.946	1.775	0.682	1734	2.000	7.146	180.6	149.6	7.624	1.471	0.614	1.389	1	121.8	0.900
Japan	(Y)	30.05	5.549	4.883	1.458	0.560	1424	1.642	5.870	148.3	122.9	6.262	1.208	0.504	1.141	0.821	100	0.740
Ecu	-	40.64	7.503	6.603	1.971	0.757	1926	2.221	7.937	200.6	166.1	8.467	1.634	0.681	1.542	1.111	135.2	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ **D-MARK FUTURES** (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.5616	0.5657	+0.0043	0.5668	0.5601	33,840	62,482
Mar	0.5685	0.5684	+0.0042	0.5692	0.5685	57	2,550
Jun	-	0.5667	-	-	-	2	2,616

■ **SWISS FRANC FUTURES** (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.6776	0.6840	+0.0065	0.6860	0.6769	20,829	43,387
Mar	0.6915	0.6904	+0.0068	0.6920	0.6902	299	2,133
Jun	-	0.6970	+0.0073	0.6970	-	4	265

■ **JAPANESE YEN FUTURES** (IMM) Yen 12.5m per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	0.8336	0.8299	-0.0041	0.8343	0.8270	12,792	84,891
Mar	0.8440	0.8424	-0.0030	0.8440	0.8410	27	958
Jun	-	0.8570	-	-	-	3	172

■ **STERLING FUTURES** (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	1.6290	1.6270	-0.0020	1.6302	1.6226	9,157	36,120
Mar	1.6200	1.6230	-0.0006	1.6230	1.6190	5	258
Jun	-	1.6160	-0.0020	-	1.6130	47	87

UK INTEREST RATES

LONDON MONEY RATES

Oct 23	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	$7\frac{1}{4}$ - $6\frac{3}{4}$	[illegible] - 7	[illegible]	$7\frac{3}{8}$ - $7\frac{1}{4}$	[illegible]	[illegible]
Sterling CDs	-	-	$7\frac{1}{8}$ - [illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills	-	-	[illegible]	$7\frac{1}{8}$ - 7	-	-
Bank Bills	-	-	7 - [illegible]	$7\frac{1}{8}$ - [illegible]	[illegible]	-
Local authority deps.	$6\frac{7}{8}$ - $6\frac{3}{4}$	7 - $6\frac{7}{8}$	[illegible] - 7	[illegible] - $7\frac{1}{8}$	[illegible]	[illegible]
Discount Market deps	7 - $6\frac{7}{8}$	7 - $6\frac{7}{8}$	-	-	-	-

UK clearing bank base lending rate 7 per cent from Aug 7, 1997

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	$2\frac{1}{2}$	$5\frac{1}{2}$	5	5	$4\frac{3}{4}$

Certs of Tax dep. under £100,000 is $2\frac{1}{2}$pc. Deposits withdrawn for cash $1\frac{1}{4}$pc. Ave. tender rate of discount on Oct 17, 6.9377pc. ECGD fixed rate Stlg. Export Finance. Make up day Sep 30, 1997. Agreed rate for period Oct 26, 1997 to Nov 25, 1997, Scheme III 8.54pc. Reference rate for period Aug 30, 1997 to Sep 30, 1997, Schemes IV & V 7.294pc. Finance House Base Rate $7\frac{1}{2}$pc from Oct 1, 1997

■ **THREE MONTH STERLING FUTURES** (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	92.64	92.64	+0.02	92.66	92.62	17653	134905
Mar	92.60	92.60	+0.02	92.64	92.58	26152	114372
Jun	92.65	92.63	+0.01	92.68	92.62	18947	81486
Sep	92.71	92.70	+0.02	92.76	92.69	10553	62740
Dec	92.82	92.80	+0.02	92.86	92.80	7711	62557

Also traded on APT. All Open interest figs. are for previous day.

■ **SHORT STERLING OPTIONS** (LIFFE) £500,000 points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9250	0.15	0.20	0.31	0.03	0.12	0.19
9275	0.03	0.08	0.17	0.16	0.25	0.30
9300	0	0.03	0.08	0.38	0.45	0.46

Est. vol. total, Calls 11158 Puts 2740. Previous day's open int., Calls 202536 Puts 222894

EMS EUROPEAN CURRENCY UNIT RATES

Oct 23	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.798709	0.759380	+0.003932	-4.92	7.70	33
Finland	5.85424	5.89463	-0.01369	0.69	1.70	-5
Italy	1906.48	1924.96	-1.23	0.97	1.41	-7
Spain	163.826	166.115	-0.222	1.40	0.99	-10
Portugal	197.398	200.557	-0.308	1.60	0.78	-11
Denmark	7.34555	7.50419	-0.01001	2.16	0.23	-15
France	6.45863	6.60491	-0.00645	2.26	0.13	-19
Belgium	39.7191	40.6422	-0.0328	2.32	0.07	-17
Netherlands	2.16979	2.22060	-0.00278	2.35	0.05	-17
Germany	1.92573	1.97110	-0.00239	2.36	0.04	-23
Austria	13.5485	13.8733	-0.0174	2.40	0.00	-18
NON ERM MEMBERS						
Greece	295.269	310.018	+0.849	5.00	-2.47	-
UK	0.793103	0.682128	+0.004803	-13.99	19.06	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu: a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ **PHILADELPHIA SE £/$ OPTIONS** £31,250 (cents per pound)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
1.630	1.51	2.00	2.64	1.37	2.13	2.88
1.640	1.06	1.64	2.24	1.84	2.65	3.44
1.650	0.72	1.27	1.85	2.55	-	-

Previous day's vol., Calls 41 Puts 1,000. Prev. day's open int., Calls 27,348 Puts 24,029

■ **PHILADELPHIA SE D-MARK/$ OPTIONS** DM62,500 ($ per DM)

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	PUTS Nov	PUTS Dec	PUTS Jan
0.555	1.28	1.56	-	0.17	0.38	0.53
0.560	0.92	1.22	1.51	0.33	0.51	0.71
0.565	0.61	0.93	1.23	0.49	0.72	0.93

Previous day's vol., Calls 482 Puts 579. Prev. day's open int., Calls 11,567 Puts 35,409

■ **THREE MONTH EURODOLLAR** (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	94.09	94.17	+0.08	94.20	94.09	60,205	562,677
Mar	94.01	94.12	+0.11	94.15	94.01	62,787	425,933
Jun	93.92	94.05	+0.13	94.08	93.92	44,928	345,457

■ **US TREASURY BILL FUTURES** (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Dec	95.02	95.09	+0.14	95.11	95.02	1,086	4,344
Mar	95.08	95.11	+0.17	95.12	95.07	410	4,311
Jun	-	94.96	+0.11	95.04	-	83	368

All Open interest figs. are for previous day

■ **EUROMARK OPTIONS** (LIFFE) DM1m points of 100%

Strike Price	CALLS Nov	CALLS Dec	CALLS Jan	CALLS Mar	PUTS Nov	PUTS Dec	PUTS Jan	PUTS Mar
9575	0.36	0.37	0.12	0.15	0	0.01	0.12	0.15
9600	0.13	0.15	0.03	0.05	0.02	0.04	0.28	0.30
9625	0.01	0.03	0.01	0.01	0.15	0.17	0.51	0.51
9650	0	0	0	0	0.39	0.39	0.75	0.75
9675	0	0	0	0	0.64	0.64	1.00	1.00

Est. vol. total, Calls 3175 Puts 5893. Previous day's open int., Calls 352360 Puts 300084

■ **EURO SWISS FRANC OPTIONS** (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Dec	CALLS Mar	CALLS Jun	PUTS Dec	PUTS Mar	PUTS Jun
9800	0.05	0.07	0.07	0.25	0.50	0.75
9825	0.02	0.03	0.03	0.47	0.71	0.96

Est. vol. total, Calls 50 Puts 350. Previous day's open int., Calls 3125 Puts 2819

BASE LENDING RATES

	%		%		%
Adam & Company	7.00	Exeter Trust Limited	8.00	●Singer & Friedlander	7.00
Allied Irish Bank (GB)	7.00	Financial & Gen Bank	8.00	●Smith & Williamson Secs	7.00
●Henry Ansbacher	7.00	●Robert Fleming & Co	7.00	Sun Banking Corp Ltd	7.00
Banco Bilbao Vizcaya	7.00	●Guinness Mahon	7.00	TSB	7.00
Bank of Cyprus	7.00	Habib Bank AG Zurich	7.00	United Bank of Kuwait	7.00
Bank of Ireland	7.00	●Hambros Bank	7.00	Unity Trust Bank Plc	7.00
Bank of India	7.00	Heritable & Gen Inv Bk	7.00	Whiteaway Laidlaw	7.00
Bank of Scotland	7.00	C. Hoare & Co	7.00	Yorkshire Bank	7.00
Barclays Bank	7.00	Hongkong & Shanghai	7.00		
Brit Bk of Mid East	7.00	Investec Bank (UK) Ltd	7.00	● Members of London Investment Banking Association	
●Brown Shipley & Co Ltd	7.00	Julian Hodge Bank	7.00	* In administration	
Citibank NA	7.00	●Leopold Joseph & Sons	7.00		
Clydesdale Bank	7.00	Lloyds Bank	7.00		
The Co-operative Bank	7.00	Midland Bank	7.00		
Coutts & Co	7.00	NatWestminster	7.00		
Cyprus Popular Bank	7.00	●Rea Brothers	7.00		
Duncan Lawrie	7.00	Royal Bk of Scotland	7.00		
		Scottish Widows Bank	7.00		

COMMODITIES AND AGRICULTURE

Fund selling pushes nickel to three-year low

MARKETS REPORT

By Kenneth Gooding and Gary Mead

Nickel is the latest metal to be hit by investment fund selling, falling to a three-year low on the London Metal Exchange yesterday. Traders said that, after recent assaults on aluminium, copper and zinc, the funds had turned their attention to nickel, either liquidating positions or selling short – betting on a fall in prices.

Dealers said that the Quantum Fund, headed by George Soros, had taken its money out of LME metals, including a substantial aluminium position. Quantum would not comment.

"If Soros did pull out, it would not be good for the market. He brings liquidity and it would not be such a good market without that," said one analyst.

At Macquarie, the Australian bank, analysts Jim Lennon and Adam Rowley pointed out: "The blood bath in Asian equity markets continues to raise concerns about economic growth and metals demand in the region, and *rightly so*. Further weakness across the base metals sector appears likely."

Nickel closed at $6,225 a tonne. Traders said some producer and consumer buying emerged at $6,230.

Gold was helped by some buying in Asia and the price was "fixed" in London yesterday afternoon nearly $2 higher at $324.30 an ounce.

"Given the plummet in the Hang Seng index and a weakening Hong Kong dollar, this was a *disappointing performance*," the Macquarie analysts suggested.

Coffee came under vigorous pressure again yesterday on the London International Financial Futures Exchange, the benchmark January contract slipping $23 by the close to end at $1,490 a tonne.

Traders said persistent selling by investment funds underpinned the bearish mood, and that further falls could not be ruled out now the important $1,500 mark had been breached.

Elsewhere on Liffe, cocoa failed to capitalise on an early recovery and the December contract again moved downwards, ending at £1,061 a tonne, down £5 from the previous close. News of heavy rain in Ivory Coast did nothing to alleviate the generally depressed mood of the market, though some specialists felt a corrective upturn might be on the cards before the end of the week.

The unexpectedly weak opening to crude oil prices on the New York Mercantile Exchange, thanks to a spell of profit-taking, encouraged prices of bellwether Brent to follow suit on the International Petroleum Exchange.

The December Brent contract had lost 20 cents by late trading, had lost to $20.14 a barrel, while on Nymex December crude was 14 cents down, at $21.28 a barrel in early business. Brokers felt December Brent might have further to fall, but expected strong support at $19.91 a barrel.

Report says aluminium prices to jump

By Kenneth Gooding, Mining Correspondent

Aluminium prices will nearly double by 2000 because the industry has underestimated demand in recent years and will not have enough production capacity, suggests the Anthony Bird consultancy in its latest market review.

It is forecasting that prices will average $1,738 a tonne this year, rise to $1,981 (in constant prices and exchange rates) next year, be up to $2,412 in 1999 and average $3,306 in 2000.

Bird sees demand outpacing supply in markets outside the former Soviet Union in each of those years: by 333,000 tonnes this year, by 27,000 tonnes in 1998, by 345,000 tonnes in 1999 and by 540,000 tonnes in 2000.

This forecast assumes that net exports from eastern Europe will gradually fall from 2.2m tonnes to 2m.

Tony Bird, author of the study, says that aluminium producers now recognise supply will be very tight from 1999 onwards and are now showing more interest in building new smelting capacity.

"But even now they are proceeding slowly and cautiously. As a result, we think there is now no chance of enough new capacity coming on stream quickly enough to avert the threatened shortage."

He points out that some observers have dismissed the recent flurries in aluminium prices as "speculative froth," but he does not agree. "Since the underlying supply-demand balance is so tight, it would be natural for prices to rise higher and to move above their cost-justified levels.

"Put another way, prices are not being driven up by evil speculators. Instead, they are being driven up by the fact that the industry has persistently underestimated the buoyancy of demand in recent years and has not invested in enough new capacity to meet that demand. Evil speculators are simply taking advantage of a trend which the industry ought to have foreseen," Mr Bird says.

Aluminium Analysis, quarterly from Bird Associates, 193 Richmond Road, Kingston upon Thames, Surrey KT2 5DD, UK. £665 a year.

Big rise forecast in demand for rice

By Gary Mead

A jump in Asia's population from 3.1bn in 1995 to 4.1bn by 2020 will be the major force in demand for rice Tony Andrews

Explosive population growth in developing countries is likely to lead to intense pressure to produce more rice, according to estimates *from the Manila-based International Rice Research Institute*.

Global demand for rice will be 489m tonnes by 2020, with 421m tonnes of that consumption being in Asia. This is substantially more than current production levels. The UN's Food and Agricultural Organisation's latest estimate for 1997's milled rice production is 378m tonnes, with consumption closely matching that figure.

This anticipated need for substantially increased rice production will come in spite of the likelihood that per capita income growth in Asia will inexorably lead to a shift in diet patterns away from rice to other foods, according to Mercedita Sombilla, a research scientist with the IRRI.

Ms Sombilla said that a projected jump in Asia's population from 3.1bn in 1995 to 4.1bn by 2020 will be the major force in the accelerating demand for rice. The greatest growth in demand is expected to come from the lower income nations of Asia, such as Bangladesh, India, Myanmar, the Philippines and Vietnam, she said.

"Sustaining past impressive growth in rice production to meet the projected demand and improve food security" will be difficult in the face of the increasing scarcity of suitable land and water supplies, she added.

As with several other soft commodities, there has been considerable speculation that the current El Niño abnormal weather system – which has been blamed for widespread drought across Asia – might damage rice crops this season.

However, one of the world's leading rice producers, Thailand – which last year exported more than 5m tonnes of rice, about a third of total world trade – so far seems to be unscathed. Thailand's agriculture ministry yesterday forecast output of 21.24m tonnes for 1997-98.

The most recent figures from the Economist Intelligence Unit suggest that total world trade in rice this year will reach 17m tonnes, some 2m tonnes lower than in 1996. But the EIU projects that the global rice trade will expand to 20m tonnes in 1998, and perhaps 21m tonnes in 1999. World stocks by the end of 1997 are now expected to be about 52m tonnes, the highest since 1994.

However, those levels are projected to decline to below 47m tonnes by 1999. Some analysts are concerned that if El Niño's worst effects come to pass, and the current drought across parts of Asia persists through to the end of 1997, then harvests in 1998 will be severely affected.

The EIU has forecast that prices – averaging $335 a tonne in the second quarter of 1997 – will gradually move to around $400 a tonne by mid-1999, but this assumes normal crop levels in major producing countries.

Finance for gold mine in Tanzania

By Kenneth Gooding, Mining Correspondent

The way has been cleared for the completion of Tanzania's first large gold mine since the east African country gained independence from the UK in 1961.

Financing was arranged for the Golden Pride open pit mine in the Lake Victoria gold fields district in the north-west of Tanzania.

Barclays Capital, the investment banking division of the UK banking group, is to arrange and underwrite financing of up to US$48m for the mine's development. Barclays will also provide gold hedging facilities to the project as part of an integrated financing package.

Golden Pride is a joint venture between Samax Gold, listed in Canada, and Resolute of Australia. The mine is expected to start producing in the middle of next year at an annual rate of 170,000 ounces and at a cash cost of $210 an ounce. With resources of 2.42m ounces, the mine is expected to have a life of 10 years.

Resolute bought 50 per cent of the project a year ago after Broken Hill Proprietary, Australia's biggest company, pulled out, saying Golden Pride was too small to meet its investment criteria. Resolute paid $17m and agreed to contribute a further $9m to cover development costs.

Resolute is already a substantial gold producer and Michael Martineau, Samax's chief executive, has said Golden Pride would make Samax one of the bigger gold mining companies in Africa.

Several other gold projects are under way in Tanzania. Among them is the Geita property, owned by Ashanti of Ghana, which should be in production soon after Golden Pride.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1572.5-3.5	1601-2
Previous	1565-6	1594-5
High/low		1610/1593
AM Official	1571-72	1599.5-600
Kerb close		1597-8
Open int.	239,350	
Total daily turnover	92,383	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1442-7	1462-7
Previous	1440-45	1462-63
High/low		1467/1465
AM Official	1440-45	1460-65
Kerb close		1460-65
Open int.	5,449	
Total daily turnover	1,296	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	609-10	621-2
Previous	612.5-13.5	625-26
High/low		628/618
AM Official	612-3	623-4
Kerb close		617-8
Open int.	29,370	
Total daily turnover	4,501	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	6215-25	6300-10
Previous	6390-400	6480-90
High/low		6460/6260
AM Official	6170-75	6250-55
Kerb close		6275-80
Open int.	53,909	
Total daily turnover	35,021	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5385-95	5410-15
Previous	5425-35	5450-55
High/low		5460/5400
AM Official	5370-80	5400-05
Kerb close		5415-20
Open int.	15,943	
Total daily turnover	5,080	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1257-8	1277-7.5
Previous	1254-55	1275-76
High/low		1290/1273
AM Official	1255-56	1278-79
Kerb close		1278-9
Open int.	78,472	
Total daily turnover	14,732	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2058-9	2078-9
Previous	2084-85	2106-07
High/low	2077/2076	2110/2065
AM Official	2077-77.5	2098-99
Kerb close		2078-9
Open int.	147,227	
Total daily turnover	54,580	

■ LME AM Official £/$ rate: 1.6306
LME Closing £/$ rate: 1.6300

Spot: 1.6324 3 mths: 1.6265 6 mths: 1.6214 9 mths: 1.6161

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	93.00	-1.40	93.70	92.30	224	471
Nov	93.40	-1.40	93.95	92.80	100	2,532
Dec	93.90	-1.45	95.35	93.00	3,617	27,096
Jan	94.20	-1.35	95.50	94.05	37	1,058
Feb	94.20	-1.45	94.80	94.60	29	1,194
Mar	94.60	-1.15	95.20	94.20	203	6,833
Total					4,385	53,886

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	323.00-323.40		
Opening	323.50-323.90		
Morning fix	323.30	198.417	477.811
Afternoon fix	324.30	199.018	476.559
Day's High	324.60-325.00		
Day's Low	323.00-323.40		
Previous close	322.20-322.60		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month ...... 2.99 6 months 3.22
2 months ...... 2.99 12 months 3.35
3 months 2.99

Silver Fix	p/troy oz.	US cts equiv.
Spot	311.35	507.50
3 months	315.15	511.80
6 months	318.65	515.70
1 year	325.60	523.70

Gold Coins	$ price	£ equiv.
Krugerrand	327-329	200-202
Maple Leaf	-	-
New Sovereign	76-78	46-48

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	323.0	+0.9	324.3	324.3	30	120
Nov	323.5	+1.0	-	-	-	1
Dec	324.7	+1.1	326.0	323.4	27,626	82,014
Feb	326.4	+1.1	327.8	325.3	1,361	27,059
Apr	328.2	+1.1	329.6	327.9	57	6,040
Jun	330.2	+1.0	331.7	330.0	536	10,576
Total					29,853	176,416

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	424.4	+3.7	426.5	425.5	55	141
Jan	422.9	+1.7	424.8	416.0	2,240	13,233
Apr	418.9	+2.2	420.0	418.0	6	947
Jul	415.9	+2.7	-	-	1	21
Total					2,301	14,342

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	203.95	+2.45	205.50	203.00	843	3,670
Mar	201.45	+2.95	203.50	203.00	107	689
Jun	197.95	+2.95	-	-	1	111
Sep	191.95	+2.95	-	-	-	2
Total					951	4,472

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Oct	491.0	-9.3	-	-	100	101
Nov	492.0	-9.5	-	-	-	1
Dec	493.8	-9.5	508.0	492.5	18,410	65,433
Jan	495.1	-9.5	503.5	503.5	5	20
Mar	499.7	-9.7	514.0	498.5	1,127	19,588
May	502.5	-9.7	514.0	503.0	21	2,702
Total					19,713	98,386

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels. $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	21.52	+0.10	21.55	21.13	66,063	117,5k
Jan	21.50	+0.07	21.52	21.20	23,923	53,604
Feb	21.47	+0.12	21.48	21.18	8,008	30,233
Mar	21.20	-0.03	21.35	21.10	3,980	18,171
Apr	21.10	-0.03	21.11	20.98	1,939	14,858
May	20.92	-0.11	21.04	21.02	630	12,756
Total					124,427	388,181

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Dec	20.31	-0.03	20.37	20.10	16,516	72,682
Jan	20.35	+0.06	20.38	20.12	6,352	37,878
Feb	20.27	+0.07	20.27	20.06	578	14,250
Mar	20.10	+0.05	20.10	19.93	217	5,453
Apr	19.96	+0.06	19.96	19.85	96	3,674
May	19.82	+0.06	19.82	19.82	25	4,822
Total					n/a	n/a

■ HEATING OIL NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	58.85	+0.18	59.00	58.15	11,371	29,920
Dec	60.00	+0.24	60.00	59.15	9,101	48,214
Jan	60.40	+0.06	60.45	59.85	2,418	22,590
Feb	60.45	-0.04	60.65	60.05	1,100	12,098
Mar	59.70	+0.01	59.70	59.30	833	8,653
Apr	57.75	-0.24	58.00	58.00	814	5,200
Total					27,385	149,398

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	182.00	-	182.75	180.75	5,750	34,253
Dec	183.75	+0.25	184.00	182.25	3,974	20,941
Jan	185.00	+0.50	185.00	183.50	1,063	14,144
Feb	184.75	+0.25	184.75	183.50	858	7,754
Mar	182.00	+0.25	182.00	181.00	338	5,308
Apr	179.75	+0.25	179.50	179.25	120	2,596
Total					11,579	100,972

■ NATURAL GAS IPE (1,000 therms; pence per therm)

Nov	13.640	+0.150	13.640	13.590	100	1,325
Dec	15.750	+0.020	15.750	15.750	25	1,470
Total					276	12,819

■ NATURAL GAS NYMEX (10,000 mmBtu.; $/mmBtu.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	3.565	+0.028	3.650	3.530	33,998	39,992
Dec	3.660	+0.027	3.740	3.630	18,385	51,862
Jan	3.600	+0.042	3.635	3.560	6,748	29,385
Feb	3.170	+0.032	3.190	3.105	3,380	22,416
Mar	2.790	+0.015	2.820	2.750	1,433	15,775
Apr	2.430	-	2.450	2.410	687	9,716
Total					67,558	258,871

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Nov	61.15	+0.36	61.30	60.15	13,631	24,237
Dec	60.90	+0.46	61.10	60.00	7,511	25,009
Jan	60.70	+0.36	60.75	59.85	3,104	16,776
Feb	60.70	+0.11	60.85	60.20	715	7,434
Mar	60.85	-0.24	60.85	60.85	541	5,779
Apr	63.90	+0.31	63.90	63.70	850	4,869
Total					27,063	98,857

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (100 tonnes; £ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Nov	85.25	+1.25	85.35	84.00	175	913
Jan	87.25	+1.20	87.35	86.35	166	3,351
Mar	89.25	+1.25	89.25	88.80	45	2,976
May	91.25	+1.25	91.25	91.00	6	2,194
Jul	93.25	+1.25	93.25	93.25	2	193
Total					394	9,627

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Dec	366.75	-7.25	373.50	366.00	15,474	58,661
Mar	380.75	-6.75	386.25	380.00	4,027	27,082
May	387.50	-6.75	391.75	387.00	697	5,759
Jul	390.25	-5.75	394.00	389.75	1,051	13,598
Sep	395.00	-5.00	-	-	11	88
Dec	402.00	-6.50	408.00	402.00	143	2,948
Total					21,393	108,184

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Dec	288.00	-5.75	293.25	287.00	48,060	210,023
Mar	297.50	-6.00	303.25	296.50	18,013	100,291
May	303.75	-5.75	308.75	303.00	4,597	30,205
Jul	307.25	-6.25	313.50	306.50	3,742	37,949
Sep	296.75	-4.00	299.00	296.00	767	3,474
Dec	295.50	-3.75	297.50	294.00	3,415	23,926
Total					78,622	407,060

■ BARLEY LIFFE (100 tonnes; £ per tonne)

Nov	77.50	+0.60	77.25	77.00	41	492
Jan	80.60	+0.60	80.50	80.50	75	1,279
Mar	83.00	+0.60	82.75	82.75	18	391
May	84.75	+0.50	-	-	-	23
Sep	83.00	-	-	-	-	6
Total					64	2,191

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Nov	694.00	-4.25	699.00	688.00	35,468	87,260
Jan	700.00	-4.75	705.50	696.00	12,578	47,664
Mar	708.25	-5.00	713.25	705.00	5,275	21,187
May	714.50	-6.25	718.00	711.00	3,243	15,412
Jul	720.75	-6.75	727.00	718.50	2,472	13,573
Aug	715.00	-8.00	718.00	715.00	20	488
Total					58,475	171,893

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Oct	24.95	-	24.90	24.84	427	198
Dec	25.27	-	25.48	24.92	12,116	58,530
Jan	25.44	-	25.55	25.11	4,702	23,969
Mar	25.60	-	25.60	25.35	2,455	12,155
May	25.77	-	25.88	25.50	1,127	8,053
Jul	25.80	-	25.80	25.65	517	8,494
Total					21,346	111,6?4

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Dec	223.2	+0.1	224.7	219.0	13,709	43,758
Jan	221.4	-0.8	223.2	218.7	4,890	21,416
Mar	218.7	-1.7	221.5	217.0	2,486	19,252
May	217.5	-2.0	219.5	216.5	2,274	16,084
Jul	220.0	-1.7	221.0	218.5	678	10,987
Aug	219.3	-2.2	221.8	218.5	60	2,555
Total					25,421	117,673

■ POTATOES LIFFE (20 tonnes; £ per tonne)

Nov	32.0	-	-	-	-	6
Mar	92.0	-2.0	-	-	-	-
Apr	117.0	-2.0	118.5	117.0	39	1,153
May	127.0	-2.0	-	-	-	22
Jun	137.0	-2.0	-	-	-	-
Total					39	1,181

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

Oct	1340	+15	1342	1330	23	791
Nov	1440	+35	1440	1420	28	801
Dec	1445	+15	1443	1443	5	101
Jan	1446	+16	1458	1446	11	637
Apr	1475	+25	1475	1470	8	337
Total					76	2,727

	Close	Prev
BFI	1334	1330

PULP AND PAPER

■ PULPEX OMLX ($6; 24 air dry tons)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	577.25	-0.75	577.25	577.25	10	279
Mar	597.25	-1.75	597.50	597.25	15	365
Total					49	325

FUTURES DATA
All futures data supplied by CMS.

Wool from Mallet and Co
Prices in Australia eased for fine merino wool, but the market closed firmer on the final auction day. The main indicator stood at 682 Australian cents a kg, down 4 cents from last week's close. However, Australian cents were relatively cheaper, related to events in other far eastern currencies. New Zealand wool sold well, with finer types cheaper, but crossbreds were sufficiently firmer for the overall indicator to end 3 cents up at 460 cents NZ a kg. It is uncertain whether seasonally attractive wool prices coupled with currency factors will induce better demand in the rest of the year.

SOFTS

■ COCOA LIFFE (10 tonnes; £/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Dec	1062	-4	1075	1058	2,282	46,264
Mar	1090	-2	1097	1085	3,638	51,557
May	1109	-2	1117	1105	595	23,702
Jul	1127	-2	1128	1122	228	9,144
Sep	1145	-1	1150	1140	265	18,840
Dec	1156	-2	1160	1153	530	20,423
Total					7,924	190,703

■ COCOA CSCE (10 tonnes; $/tonnes)

Dec	1600	+7	1606	1582	9,448	34,052
Mar	1638	+7	1642	1620	2,703	27,774
May	1659	+8	1661	1642	417	12,820
Jul	1679	+8	1679	1663	74	3,842
Sep	1699	+8	1698	1698	20	4,780
Dec	1718	+8	1717	1706	12	9,018
Total					12,696	103,581

■ COCOA (ICCO) (SDR's/tonne)

Oct 22	Price	Prev. day
Daily	1247.51	1253.80

■ COFFEE LIFFE (5 tonnes; $/tonne)

Nov	1473	-27	1490	1457	2,018	9,702
Jan	1490	-23	1503	1470	2,014	21,377
Mar	1500	-20	1513	1481	1,397	7,060
May	1508	-19	1520	1490	446	1,672
Jul	1518	-17	1525	1503	94	455
Sep	1528	-17	1535	1530	45	225
Total					6,014	40,621

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Dec	152.20	+2.00	153.00	146.10	2,738	11,545
Mar	142.10	+2.10	142.50	137.30	1,073	8,230
May	138.50	+2.10	139.00	134.50	393	2,505
Jul	135.25	+2.25	135.50	131.25	270	2,256
Sep	131.75	+2.25	129.00	128.00	132	866
Dec	128.25	+2.20	126.00	125.10	34	656
Total					4,640	26,068

■ COFFEE (ICO) (US cents/pound)

Oct 22		Prev. day
Comp. daily	116.11	114.85
15 day average	123.52	124.20

■ WHITE SUGAR LIFFE (50 tonnes; $/tonne)

Dec	300.8	-0.7	302.8	300.7	1,277	10,658
Mar	307.1	-0.6	308.7	307.0	646	17,114
May	312.1	-0.3	313.6	312.0	92	3,034
Aug	315.6	-0.4	316.9	316.0	205	2,266
Oct	312.6	-0.2	313.4	313.0	258	3,027
Dec	314.3	+1.3	-	-	-	140
Total					2,478	36,250

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	11.73	-	11.85	11.73	5,707	89,188
May	11.74	-0.01	11.84	11.74	1,962	25,182
Jul	11.66	+0.03	11.72	11.63	770	19,193
Oct	11.56	+0.04	11.63	11.55	5,179	19,108
Mar	11.47	-	11.52	11.45	282	4,734
May	11.43	-0.02	11.44	11.43	126	433
Total					14,063	158,006

■ COTTON NYCE (50,000lbs; cents/lbs)

Dec	71.86	-0.49	72.25	71.35	11,229	48,069
Mar	73.18	-0.51	73.60	72.75	2,233	16,926
May	74.20	-0.38	74.45	73.70	1,068	9,126
Jul	74.96	-0.41	75.30	74.60	1,255	8,638
Oct	75.70	-0.58	76.20	75.75	112	832
Dec	75.96	-0.49	76.30	75.80	1,039	8,938
Total					16,958	92,840

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Nov	68.80	-0.85	70.70	68.70	1,541	10,145
Jan	72.20	-0.90	73.90	72.05	1,586	17,285
Mar	75.35	-1.05	77.00	75.30	675	9,924
May	78.70	-0.80	80.00	78.40	48	2,264
Jul	81.70	-0.80	82.95	82.50	133	1,138
Sep	84.70	-0.80	85.50	85.50	330	688
Total					4,320	41,891

VOLUME DATA
Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Oct 23	Oct 22	month ago	year ago
1854.5	1848.2	1896.4	1880.0

■ CRB Futures (Base: 1967 = 100)

Oct 22	Oct 21	month ago	year ago
245.42	243.77	-	-

■ GSCI Spot (Base: 1970 = 100)

Oct 22	Oct 21	month ago	year ago
211.02	206.88	197.83	213.23

LME WAREHOUSE STOCKS (tonnes)

Aluminium	+75	to	742,525
Aluminium alloy	-200	to	48,380
Copper	-850	to	336,175
Lead	-200	to	118,225
Nickel	+114	to	64,812
Zinc	+375	to	458,275
Tin	+30	to	10,000

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett Price	Day's change	High	Low	Vol	Open int
Oct	70.300	+0.350	70.425	69.650	672	952
Dec	67.725	+0.250	67.900	67.125	8,148	41,598
Feb	69.150	+0.025	69.325	68.600	2,206	21,197
Apr	72.575	-0.025	72.900	72.325	1,157	13,432
Jun	70.425	-0.025	70.675	70.050	804	8,543
Aug	70.100	-0.200	70.500	70.050	131	2,912
Total					13,164	98,729

■ LEAN HOGS CME (40,000lbs; cents/lbs)

Dec	61.150	+0.575	61.325	60.350	3,578	20,949
Feb	61.550	+0.275	61.850	61.000	1,980	8,892
Apr	58.875	+0.100	59.200	58.650	454	3,981
Jun	66.425	+0.325	66.500	66.125	470	1,967
Jul	64.900	+0.400	64.900	64.450	24	948
Aug	63.875	+0.275	63.875	63.500	26	232
Total					6,520	37,329

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	64.875	+1.275	65.350	63.800	2,950	6,594
Mar	64.800	+1.325	64.925	63.650	352	904
May	65.050	+1.550	65.300	63.700	77	241
Jul	65.625	+1.125	65.625	64.700	41	137
Aug	62.300	-0.025	63.250	62.250	4	11
Total					3,424	7,989

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME	Dec	Mar	Dec	Mar
1575	25	73	18	42
1600	14	60	31	54
1625	7	48	49	67
■ COPPER (Grade A) LME	Dec	Mar	Dec	Mar
2050	41	100	27	75
2100	19	76	55	100
2150	8	57	93	130
■ COFFEE LIFFE	Jan	Mar	Jan	Mar
1550	60	90	97	140
1600	45	73	132	173
1650	34	68	171	198
■ COCOA LIFFE	Dec	Mar	Dec	Mar
1100	15	53	53	63
1125	9	43	72	78
1150	6	35	94	95
■ BRENT CRUDE IPE	Nov	Dec	Nov	Dec
1950	-	-	27	-
2000	-	-	45	-
2050	48	78	-	84

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel) +or-

Dubai	$19.31-9.37w	
Brent Blend (dated)	$19.87-9.89	
Brent Blend (Dec)	$20.30-0.32	
W.T.I.	$21.43-1.447	-0.015

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$210-212
Gas Oil	$183-186
Heavy Fuel Oil	$101-103
Naphtha	$194-195
Jet fuel	$200-201
Diesel	$192-195

■ NATURAL GAS (Pence/therm)

Bacton (Nov)	13.60-13.65	+0.175

Petroleum Argus. Tel. London (0171) 359 8792

■ OTHER

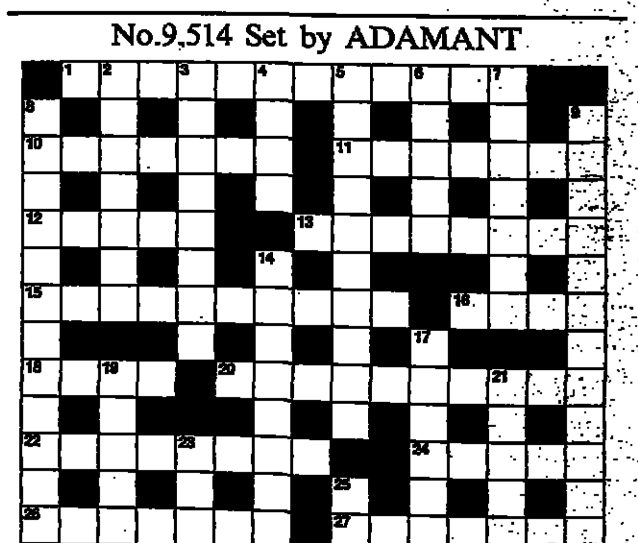
Gold (per troy oz)♣	$323.20	+0.80
Silver (per troy oz)♣	495.50c	-1.50
Platinum (per troy oz.)	$423.00	+1.00
Palladium (per troy oz.)	$204.50	+2.00
Copper	100.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	18.03r	-0.06
Tin (New York)	254.5	-3.00
Cattle (live weight)	95.44p	+0.54*
Sheep (live weight)	101.28p	-4.86*
Pigs (live weight)†	74.49p	-0.01*
Lon. day sugar (raw)	$271.40	-0.20
Lon. day sugar (wte)	$296.80	+1.80
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Nov)♥	57.75p	+0.75
Rubber (Dec)♥	57.75p	+0.75
Rubber (KL RSS No1)	266.0z	+5.0
Coconut Oil (Phil)§	607.5z	+7.5
Palm Oil (Malay.)§	515.0z	
Copra (Phil)§	$415.0	+5.0
Soyabeans (US)	202.0	-6.0
Cotton Outlook 'A' Index	77.50c	
Wooltops (64s Super)	428p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Sep/Oct. z Oct/Nov. w Dec. ♥London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 1,822 head of pigs sold.

JOTTER PAD

CROSSWORD

No.9,514 Set by ADAMANT



ACROSS

1 Ruin up-market bank by fiddling (4,8)
10 Commissioned officer, completely heartless towards the German journalist (7)
11 Hits out about everything being somewhat oversized (7)
12 Carp at number at church (5)
13 Mr Draper perhaps let choir improvise (8)
15 Else has amendments about ancient forms of tenure (10)
16 Lower shelter near about (4)
18 Trouble on German border (4)
20 Showing trends of times to come, the fruit is cut in a peculiar way (10)
22 Was furious about a politician who went off the rails (8)
24 Look into the company's capital (5)
26 A section of, for example, soldiers in the street (7)
27 Right out of bad meat? Left in a sort of call for it (7)
28 Sound ready to make the call (3,4)

DOWN

2 Supplements that are dead and done for (7)
3 Are their other developments less refined? (8)
4 One who helps a fish escape at the start (4)
5 Settled a thousand in place of sun with drink and rhythmic instrument (6-4)
6 Dark line across the fitment (5)
7 College term (7)
8 Mail a boy something to wear where he can receive it (6,7)
9 It can be credited with a song about cold courage being broken (6,7)
14 Massive statue for a pound (10)
17 Bearing ships on a Boeing, say? (8)
19 Stop the flow – the elderly got hurt (7)
21 Instinctive perception rejects popular teaching (7)
23 An age coming up to the combat zone (5)
25 Caught in hospital survey (4)

Solution 9,513

هكذا من الأجل

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

Offshore Funds and Insurances

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American Phoenix Investment Portfolios (u)

Fleming Group - Contd.

Foreign & Colonial Emerging Markets Ltd (u)

Morgan Stanley Sicav - Contd.

ACM Offshore Funds - Contd.

Credit Suisse Asset Mgmt Funds - Contd.

Merrill Lynch Asset Management - Contd.

LUXEMBOURG (REGULATED)(**)

ACM Offshore Funds

OFFSHORE INSURANCES

Friends Provident International

OTHER OFFSHORE FUNDS

هكذا من الأصل

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[illegible]

OTHER OFFSHORE FUNDS

[illegible]

[illegible]

● MANAGED FUNDS NOTES

[illegible]

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

BANKS, RETAIL

BREWERIES, PUBS & REST

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

CHEMICALS

CHEMICALS - Cont.

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ENGINEERING

ENGINEERING - Cont.

ENGINEERING, VEHICLES

ENGINEERING, VEHICLES - Cont.

EXTRACTIVE INDUSTRIES

EXTRACTIVE INDUSTRIES - Cont.

FOOD PRODUCERS

GAS DISTRIBUTION

HEALTH CARE

HEALTH CARE - Cont.

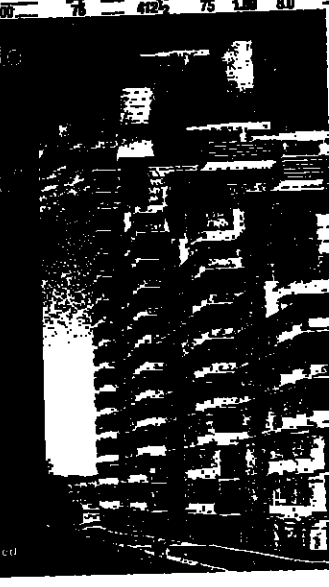
HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

INV TRUSTS SPLIT CAPITAL



LONDON SHARE SERVICE

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

PROPERTY - Cont.

SUPPORT SERVICES - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

TELECOMMUNICATIONS

TEXTILES & APPAREL

SOUTH AFRICANS

	Notes	Price	+ or -	52 week high	52 week low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind R		£23½	.....	*£27¼	£20¼	1,860	3.1	♦
Barlow	♦†	663	-⅝	£8⅞	£5⅞	1,384	2.1	14.7
Gold Flds Prop R		163		187	122	15.7	5.5	12.1
SA Brews		£17⅜	-⅜	£20⅛	£13¾	6,128	2.1	♦
Standard Bank		£29⅝		£38	£21	3,387	1.8	-
Tiger Oats	†	865	-30	1180	700	1,489	1.8	19.4
Tongaat-Hulett		758½	+2½	780	576¼	733.5	2.4	♦

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. For FTSE 100 Index constituents and reserves marked † in the Trading Volume table on the LSE page, last trade prices at or prior to 4:30pm market close are shown, as these shares are now traded on the Stock Exchange Electronic Trading System ("SETS"). Highs and lows are based on intra-day mid-prices/last trades over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- * Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ♦ Figures or report awaited
- ♦ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below.
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for 1998
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1997-98.
P Dividend is paid in whole or part as a FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xt ex capital distribution.

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LONDON STOCK EXCHANGE

HK pressures drive FTSE 100 below 5,000

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

The unprecedented weakness in the Hong Kong stock market was the catalyst for another disastrous day in London's equity market, with dealers' nerves, already stretched by the newly-introduced order driven trading system, taken to the limit by the extent of losses in share prices.

The FTSE 100 index, which came within a whisker of plunging 200 points only minutes after the opening, regained a measure of stability only to fall again around midday as activity in the stock index futures pointed to big losses on Wall Street at the outset.

The market's worries about Wall Street proved well founded, with the Dow Jones Industrial Average coming in under severe downside pressure.

Some of the market's doomsters had predicted the Dow would come in showing a massive fall. In the event the US market kicked in under pressure, with the fall expanding rapidly to around 150 points within an hour of the start of trading.

Wall Street stabilised after a relatively traumatic opening performance only to embark on a fresh slide which saw the Average drop in excess of 200 points two hours after European markets closed their books.

The FTSE 100 index ended the day a net 157.3, or 3 per cent lower at 4,991.5.

At its worst, when London had absorbed much of the first wave of selling triggered by Hong Kong's slide but had tumbled afresh at the prospect of a massive fall on Wall Street, the FTSE 100 had posted a 222.1 retreat to 4,926.7.

What worried fund managers and dealers as much as the big retreat in the leaders was the extent of the slide in the broader market.

The market's second liners were similarly hit, the FTSE 250 index sliding 89.6, or 1.8 per cent to 4,827.0.

And the FTSE SmallCap, which hit an all-time intra-day record only two days ago, ran back 27.9, or 1.2 per cent to 2,377.5. The all-encompassing FTSE All-Share dropped 655.8, or 2.7 per cent, to 2,377.5.

"There is a genuine loss of confidence in the market, partly because of the events in Hong Kong but also because of the coincidence of that news and the new system, which many see as reducing the liquidity in the system and which is view with alarm by many brokers," said one stockbroker.

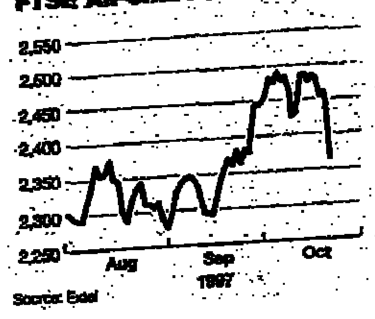
Bob Semple, UK strategist at NatWest Markets said London had "suddenly become introspective" and warned that "bear markets don't last just a week."

A close scrutiny of the day's performance by David Schwartz, the stock market historian, showed that the London market's performance was *the 104th worst* on record.

Mr Schwartz said back-to-back falls of this magnitude "only happen during bear markets or at the very beginning *of a bull market*."

Turnover at 6pm was 934.7m shares, with non-FTSE 100 stocks accounting for 56 per cent of the *overall total.*

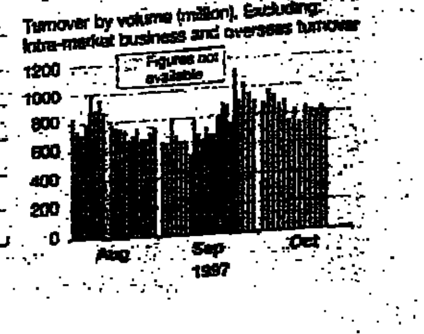
FTSE All-Share Index



Source: Extel

Equity shares traded

Turnover by volume (million). Excluding: Intra-market business and overseas turnover



Indices and ratios

FTSE 100	4991.5	−157.3
FTSE 250	4827.0	−89.6
FTSE 350	2417.7	−70.0
FTSE All-Share	2367.80	−65.82
FTSE All-Share yield	3.29	3.20
FT 30	3327.4	−81.2
FTSE Non-Fins p/e	21.32	20.57
FTSE 100 Fut Dec	5004.0	−160.0
10 yr Gilt yield	6.61	6.68
Long gilt/equity yld ratio	2.02	2.09

Best performing sectors

1 Water .... −0.7
2 Retailers: Food .... −0.7
3 Health Care .... −0.8
4 Building Matls .... −1.0
5 Textiles & Apparel .... −1.2

Worst performing sectors

1 Extractive Inds .... −7.0
2 Electricity .... −5.4
3 Banks: Retail .... −4.7
4 Electronic & Elect .... −3.5
5 Distributors .... −3.2

HK fears knock HSBC

By Joel Kibazo, Peter John and Martin Brice

In a market showing definite signs of world weariness HSBC was suffering from burn-out.

The shares tumbled almost 9 per cent, compounding sharp falls earlier in the week. Once the UK's biggest company by market capitalisation, HSBC has now dropped well below BP as the Footsie leader. By the close of trading, BP's market cap was almost £51bn while both classes of HSBC share were only worth £41bn – a loss of more than £5.5bn in one day

The global bank is affected in several ways by the turmoil in far eastern markets. Simplistically, the shares quoted in Hong Kong are a big constituent of the Hang Seng Index, which had fallen more than 10 per cent earlier.

Also, as a bank, HSBC is vulnerable to shifts in interest rates; and the overnight interest rates rose from 10 per cent on Wednesday to 200 per cent yesterday.

Finally, it is heavily exposed to sharp shifts in currency.

As a result the shares ended the day 149 lower at £15.31 in the Hong Kong dollar stock and 156 off at £16.10 in the 75p shares, which have lost almost a third of their value since hitting their £22.53 peak in August. The combined effect of the falls in the two classes of share on the overall Footsie was more than 21 points.

HSBC was the principal casualty among stocks exposed to the far east. Cable & Wireless, which fell sharply on Wednesday with an additional push lower from the poor market debut in the US of China Telecom, fell only 5¼ to 226p. And Standard Chartered, the other bank with significant far eastern operations, shed only 17½ to 689½p. Elsewhere, Inchcape fell 38 to 244½p.

Generator stocks fell sharply as the general nervousness was compounded by an announcement from the official regulator of a review into electricity pricing.

Professor Stephen Littlechild and the Trade and Industry Secretary are to examine the way the generators set their prices. No fundamental changes were announced, although there were rumours the DTI might recommend the generators be split up to increase competition.

Analysts were sceptical that tough restraints would be imposed, and the generators broadly welcomed the news. However, the market took it badly. British Energy fell 36¼ to 370p, National Power 48½ to 488p, National Grid 14½ to 278p and PowerGen 53 to 678p.

Comforting figures from ICI ensured the chemicals leader was one of only two Footsie stocks in positive territory during morning trading.

The shares ended the day a net 11¼ lower at 931p, strongly outperforming the blue-chip index, with some analysts talking of upgrades after the third-quarter profit came in at £132m.

There were also encouraging signals from the company presentation, at which analysts were apparently told that up to £2.5bn of sales were no longer core. The inference was that some 25 per cent of the company's turnover – most of it in unpopular bulk chemicals – had a "for sale" sign on it.

In hotels, Stakis just about managed to resist the market slide after the shares were supported by a buy recommendation. They closed only slightly easier at 103p.

NatWest Securities urged investors to "add" to holdings. "Management's strong belief in the ability of Metropole to deliver value, one of the key drivers of the share price, remains undiminished. Headline forecasts are intact and Stakis does not appear expensive against its peer group," NatWest said.

The rest of the sector followed the poor market trend. Ladbroke Group fell 10 to 290½p in trade of 9.1m following a report that Hilton Hotels Corp of the US had ruled out a bid for the UK company. A press report quoted the company chief executive saying he was not planning to make another big acquisition and might instead buy back shares.

Ladbroke owns all the Hilton hotels outside north America and suggestions of a decline in visitors from the far east, due to the sharp retreat in the region's markets, also weighed heavily on dealers' minds.

*However one analyst attri*buted the day's decline to general profit-taking after the stock's recent strong performance, during which it gained around 12 per cent in the last month alone.

Spirits companies were another casualty of the day. Both Guinness and Grand Metropolitan, which are merging to form GMG brands, came under pressure. Analysts say GMG will derive around 12 per cent of group profits from the far east (with a contribution from LVMH, which is particularly strong in Japan, included in that figure.)

By the end of the session Guinness had surrendered 20¼ to 587½p while Grand Metropolitan fell 24 to 587½p.

However, Allied Domecq found support and closed a penny up on the day at 513p.

Mersey Docks and Harbour Board shed 22¼ to 431p on news that striking dockers had voted to reject the company's pay offer. The price fall brings the shares down to the level they stood at before they gained 20p earlier this week on news that the workers were to be balloted.

Rolls-Royce bounced from its decline on Wednesday sparked by the profits warning from Boeing. The stock swam against the market decline to close up 2 at 227½p in volume of 8.7m, one of the most busily-traded FTSE 100 stocks.

Among the few other stocks to move against the market was Blue Circle, which spent much of the day in positive territory despite its extensive exposure to the troubled Asian region via its Malaysian commitments.

The rise was said to be driven by a combination of factors. Foremost among them was a belief that the *building materials sector is* due for consolidation, based on the move on Redland by Lafarge.

Positive comments from one of the brokers, believed to be SBC Warburg, also helped sentiment in the stock after an analyst told the morning meeting that Blue Circle would largely escape the Asian market troubles as it derived a small proportion of earnings from *Malaysia*. However, just before trading ended the stock gave in to the market decline and fell 1¼ to 368p. Redland eased to 337½p.

Elsewhere in the building materials sector, Hanson gained 3 to 312p after a newspaper story that Minorco was contemplating a bid.

FT 30 INDEX

	Oct 23	Oct 22	Oct 21	Oct 20	Oct 17	Yr ago	*High	*Low
FT 30	3327.4	3408.6	3416.1	3411.2	3423.2	2819.5	3430.3	2668.8
Ord. div. yield	3.45	3.36	3.33	3.32	3.31	4.03	4.22	3.29
P/E ratio net	21.32	21.85	22.10	22.14	22.25	17.00	22.33	15.80
P/E ratio nil	21.03	21.55	21.80	21.84	21.94	17.13	22.02	15.71

FT 30 since compilation: high 3430.3 15/10/97; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
3405.4	3332.1	3352.6	3343.7	3333.0	3318.7	3305.2	3328.1	3323.6	3406.4	3294.8

	Oct 23	Oct 22	Oct 21	Oct 20	Oct 17	Yr ago
SEAQ bargains	63,656	59,954	49,174	56,447	46,742	33,698
Equity turnover (£m)†	–	NA	2668.3	2388.6	2868.6	1463.2
Equity bargains†	–	NA	4,582.4	47,845	46,446	27,635
Shares traded (m)†	–	NA	715.7	681.7	807.5	510.5

†Excluding intra-market and overseas turnover but including Crest turnover.

 *For 1997.

■ London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	304	Total Highs	56	Total contracts	46,697
Total Falls	1,758	Total Lows	168	Calls	19,332
Same	994			Puts	27,365

Oct 23 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

■ FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec	5060.0	5004.0	−160.0	5100.0	4950.0	12978	71917
Mar	5035.0	5049.0	−163.5	5035.0	5035.0	10	2196

■ FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Dec		4880.0	−95.0			0	8534

■ FTSE 100 INDEX OPTION (LIFFE) (*4971) £10 per full index point

	4800		4850		4900		4950		5000		5050		5100		5150	
	C	P	C	P	C	P	C	P	C	P	C	P	C	P	C	P
Oct	279	93½	241	107½	209	125	179	146½	150	169	124	195	104½	225	85½	258
Nov	331½	121½	294	138	263	155	232	175½	201½	197	172½	225	151	254½	130	284½
Dec	361	148	329	168½	290½	187½	276½	208½	241	230	212	253	190	288½	160	312
Jan	409½	169½	380½	190	361½	211	322	232½	293	254½	284	278	249	308½	213	337
Jun†	499½	222½			440	261½			380	302½			328½	353½		

Calls 5,097 Puts 9,279

■ EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4825		4875		4925		4975		5025		5075		5125		5175	
Oct	257½	103	220½	119½	193	138	164½	158	138½	182½	114½	208½	93½	237½	75½	268½
Nov	306	129	270	142½	240	162	212	183½	186½	206	160	230½	138½	258	119½	287½
Dec	351½	155½	317½	171½	285½	189½	256	210	226½	230½	200	254	176½	280½	154½	306½
Mar	422½	205			360½	240			305	281½			255	328½		
Jun†	503	237½			442½	272			380½	311½			333	353		

Calls 5,209 Puts 8,168 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1997 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
*	F.P.	424.6	180½	152½	Aggreko	162½	−2½	W3.5	2.0	2.7	22.7
–	F.P.	0.74	17½	16½	†Buckland Inv	17½		–	–	–	–
–	F.P.	0.08	12	8	†Buckland Inv Wt	10		–	–	–	–
–	F.P.	98.0	98½	94	Cairngm Derrat IT	98	−½	–	–	–	–
–	F.P.	–	22½	15½	Cairngm Wrts	22½		–	–	–	–
–	F.P.	3.38	3¾	2½	†Cambury Inv	2½		–	–	–	–
–	F.P.	0.68	1½	½	†Cambury Inv Wrts	¼		–	–	–	–
–	F.P.	125.5	174	154½	Creative Publish	155½	−1½	LW7.0	1.4	5.6	15.8
155	F.P.	17.0	178½	162½	Latchways	170	−1½	–	–	–	–
*	F.P.	97.5	99½	70½	†Metalrussia	97½		–	–	–	–
§115	F.P.	18.6	170½	140	†NSB Retail Sys	170½		L1.15	1.8	0.8	66.2
250	F.P.	495.0	252½	247½	Newsquest	247½	−4	W5.4	3.0	2.7	15.2
*	F.P.	2,124	504½	450	Northern Rock	478½	−6½	L9.05	2.8	2.4	18.9
70	F.P.	27.5	63½	53	Nott'ham Forest	60½	−1½	–	–	–	–
–	F.P.	872.1	2482	2435	Nycomed Am N/V	2435	−25	16.0	–	0.8	–
§245	F.P.	152.8	286½	245	SHL Group	286½	+½	LW4.5	–	2.0	–
§148	F.P.	8.78	192½	152½	†Solitaire	192½		R6.0	1.2	3.9	14.3
§147	F.P.	152.6	164½	157½	Ultraframe	164½		R3.5	2.1	2.7	22.0
§110	F.P.	57.4	117½	111½	Xaar	112½		–	–	–	–

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FTSE GOLD MINES INDEX

	Oct 22	% chg on day	Oct 21	Year ago	Gross div yield %	P/E ratio	52 week High	Low
Gold Mines Index (33)	1499.30	+1.3	1480.82	1915.26	2.01	–	1965.11	1278.14
■ Regional Indices								
Africa (15)	1423.00	−1.3	1441.56	2470.51	5.31	24.56	2502.51	1224.90
Australasia (6)	1454.36	−3.4	1505.74	2213.53	2.69	17.60	2218.00	1336.10
North America (12)	1504.20	+2.8	1463.51	1719.36	0.89	55.89	1839.77	1244.23

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Oct 23	Day's chge%	Oct 22	Oct 21	Year ago	Gross yield%	Net yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4991.5	−3.1	5148.8	5225.9	3998.4	3.27	2.68	2.06	18.62	128.97	2147.77
FTSE 250	4827.0	−1.8	4916.6	4918.6	4424.5	3.46	2.83	1.78	20.36	128.11	2034.52
FTSE 250 ex IT	4856.9	−1.7	4941.3	4942.4	4461.3	3.57	2.92	1.82	19.29	133.08	2053.94
FTSE 350	2417.7	−2.8	2487.7	2517.9	1990.9	3.30	2.71	2.00	18.94	62.82	2125.26
FTSE 350 ex IT	2419.7	−2.8	2488.8	2520.4	–	3.32	2.73	2.01	18.72	30.85	1090.92
FTSE 350 Higher Yield	2391.4	−2.4	2450.5	2475.6	1884.5	4.30	3.57	1.61	16.07	78.24	1787.75
FTSE 350 Lower Yield	2454.7	−3.2	2534.6	2569.5	2104.3	2.45	1.98	2.28	22.33	47.80	1760.44
FTSE SmallCap	2377.47	−1.2	2405.45	2402.14	2181.82	3.10	2.50	1.61	25.05	55.74	2035.26
FTSE SmallCap ex IT	2383.08	−0.8	2402.72	2396.62	2180.96	3.31	2.67	1.68	22.52	60.07	2059.07
FTSE All-Share	2367.80	−2.7	2433.62	2460.98	1965.25	3.29	2.69	1.97	19.25	61.11	2112.37
FTSE All-Share ex IT	2371.11	−2.7	2436.92	2464.79	–	3.32	2.72	1.99	18.90	30.31	1088.16

■ FTSE Actuaries Industry Sectors

	Oct 23	Day's chge%	Oct 22	Oct 21	Year ago	Gross yield%	Net yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	4785.77	−3.2	4945.27	5046.90	3911.24	3.24	2.57	1.85	20.82	128.19	2160.49
12 Extractive Industries(5)	3503.45	−7.0	3767.02	3915.85	4175.73	4.03	2.85	1.88	16.50	139.64	1079.85
15 Oil, Integrated(3)	5194.98	−2.8	5345.71	5446.94	4053.23	3.31	2.68	1.82	20.67	137.84	2411.94
16 Oil Exploration & Prod(12)	3857.55	−1.5	3916.17	3947.08	2900.28	1.48	1.22	2.52	36.34	52.61	2372.70
20 GEN INDUSTRIALS(258)	2119.52	−1.7	2157.21	2170.19	2082.22	3.70	3.11	1.95	17.35	61.35	1222.73
21 Building & Construction(35)	1411.74	−1.3	1430.62	1431.56	1211.49	3.22	2.59	2.25	17.23	39.08	1240.41
22 Building Matls & Merchs(30)	1868.55	−1.0	1887.43	1897.93	1953.41	4.27	3.47	1.89	15.52	57.24	895.91
23 Chemicals(26)	2584.52	−2.3	2644.60	2658.76	2438.51	3.93	3.27	1.64	19.43	79.63	1298.50
24 Diversified Industrials(13)	1462.07	−1.9	1489.97	1512.71	1470.38	4.66	4.38	2.63	10.21	63.47	882.61
25 Electronic & Elect Equip(35)	2267.88	−3.5	2350.44	2345.43	2323.54	3.89	3.14	1.55	20.72	55.53	1236.78
26 Engineering(65)	2912.79	−1.4	2953.15	2980.73	2680.91	2.90	2.42	2.45	17.58	64.76	1846.89
27 Engineering, Vehicles(13)	3569.49	−1.7	3630.04	3640.59	3259.18	2.60	2.17	‡	‡	76.92	1934.78
28 Paper, Pckg & Printing(27)	2295.64	−1.2	2324.48	2329.95	2600.80	4.51	3.71	1.97	14.03	79.71	1013.43
29 Textiles & Apparel(14)	1110.16	−1.2	1123.10	1120.45	1163.53	6.06	5.03	1.17	17.57	48.24	735.14
30 CONSUMER GOODS(86)	4681.27	−2.2	4787.85	4852.08	3753.05	3.16	2.73	1.88	21.08	128.29	1822.80
32 Alcoholic Beverages(7)	3377.89	−2.9	3479.00	3524.76	2786.42	3.69	3.17	2.02	16.78	101.52	1293.89
33 Food Producers(25)	3152.47	−2.8	3236.49	3219.27	2578.44	3.40	2.79	1.89	19.45	80.45	1499.84
34 Household Goods(17)	3173.71	−2.4	3251.29	3239.00	2768.27	3.14	2.74	2.48	16.00	84.73	1317.48
36 Health Care(15)	2382.28	−0.8	2402.24	2336.98	2012.70	2.15	1.78	1.66	35.08	52.46	1507.06
37 Pharmaceuticals(19)	7433.20	−2.0	7587.53	7772.85	5865.96	2.38	2.10	1.80	29.16	162.93	2629.70
38 Tobacco(3)	4678.86	−2.0	4774.73	4847.13	3808.22	6.02	5.32	1.85	11.25	240.05	1272.59
40 SERVICES(274)	2849.30	−2.1	2911.72	2919.06	2609.61	2.86	2.31	2.04	21.42	62.58	1546.69
41 Distributors(29)	2812.70	−3.2	2905.78	2911.98	2878.41	3.34	2.72	2.01	18.67	75.01	1086.77
42 Leisure & Hotels(30)	3316.43	−1.5	3366.93	3377.12	3194.38	2.82	2.26	1.98	22.34	85.50	1850.50
43 Media(43)	4257.50	−3.0	4387.69	4408.62	4402.86	2.40	1.98	1.93	27.00	89.88	1593.17
44 Retailers, Food(15)	2597.10	−0.7	2616.61	2621.40	1987.54	3.23	2.58	2.26	17.14	80.67	1739.49
45 Retailers, General(54)	2336.85	−2.6	2399.29	2402.61	2174.44	3.06	2.47	2.15	18.83	56.03	1401.50
47 Breweries, Pubs & Rest.(22)	3236.37	−1.5	3285.09	3303.17	3100.38	3.51	2.81	2.29	15.53	69.82	1619.22
48 Support Services(58)	3416.08	−1.8	3477.25	3503.09	2809.02	1.79	1.47	2.46	28.40	38.40	2233.55
49 Transport(23)	3022.10	−2.2	3089.21	3071.87	2583.53	3.33	2.68	1.40	26.78	74.79	1326.12
60 UTILITIES(32)	3216.41	−2.7	3306.88	3340.92	2255.03	4.34	3.47	1.48	19.48	81.97	1500.45
62 Electricity(9)	3401.64	−5.4	3594.85	3640.75	2813.89	5.22	4.18	2.01	11.91	116.63	1935.73
64 Gas Distribution(2)	2395.53	−2.3	2452.72	2442.63	1285.59	4.25	3.40	‡	‡	81.42	1372.07
66 Telecommunications(9)	2537.72	−2.1	2590.90	2627.08	1942.98	3.59	2.87	1.50	23.14	44.69	1221.05
68 Water(12)	3105.05	−0.7	3126.64	3147.84	2094.56	5.35	4.28	2.25	10.39	90.96	1859.33
69 NON-FINANCIALS(670)	2402.18	−2.3	2459.39	2482.94	2057.50	3.35	2.76	1.86	20.10	61.18	1924.38
70 FINANCIALS(105)	4569.98	−3.8	4752.70	4837.57	3298.16	3.24	2.62	2.42	15.96	128.32	2080.68
71 Banks, Retail(11)	6773.78	−4.7	7108.67	7278.70	4752.40	3.09	2.48	2.54	15.93	186.05	2336.84
73 Insurance(17)	2067.87	−2.2	2113.63	2173.10	1544.11	4.26	3.51	2.86	10.27	81.19	1676.16
74 Life Assurance(6)	5330.69	−3.0	5497.08	5447.88	3823.72	3.43	2.82	2.27	16.09	154.25	2343.35
77 Other Financial(27)	3438.35	−2.5	3526.85	3534.71	2676.61	3.13	2.55	1.99	20.02	82.15	2081.77
79 Property(42)	2174.36	−1.3	2203.63	2218.83	1660.99	3.04	2.43	1.33	30.85	42.03	1403.82
80 INVESTMENT TRUSTS(127)	3456.96	−2.8	3557.80	3575.44	3177.53	2.21	1.77	1.16	48.82	54.97	1244.57
89 FTSE All-Share(902)	2367.80	−2.7	2433.62	2460.98	1965.25	3.29	2.69	1.97	19.25	61.11	2112.37
105 FTSE All-Share ex IT(775)	2371.11	−2.7	2436.92	2464.79	–	3.32	2.72	1.99	18.90	30.31	1088.16
FTSE Fledgling	1295.88	−1.2	1311.73	1310.92	1235.46	3.19	2.55	1.02	38.51	32.88	1414.41
FTSE Fledgling ex IT	1307.50	−1.0	1321.22	1319.70	1247.47	3.52	2.82	1.02	34.76	34.42	1430.74
FTSE AIM	1010.5	−0.3	1013.8	1013.7	–	1.08	0.85	0.53	80.00†	6.65	928.72

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	–	4998.9	5036.9	5024.5	4998.5	4960.2	4947.8	4980.0	4971.1	5100.5	4926.7
FTSE 250	–	4857.6	4858.8	4854.1	4849.6	4844.4	4840.4	4830.7	4827.8	4880.2	4826.9
FTSE 350	–	2423.6	2438.3	2433.2	2422.6	2407.2	2402.0	2413.6	2409.9	2466.3	2393.3
FTSE SmallCap	2395.83	2391.10	2388.80	2387.63	2386.49	2384.01	2382.18	2379.08	2377.46	2395.83	2377.39
FTSE All-Share	–	2374.12	2387.35	2382.64	2372.93	2358.69	2353.89	2364.17	2360.65	2412.92	2345.78

Time of FTSE 100 Day's high: 8:33 AM Day's low: 2:32 PM. FTSE 100 1997 High: 5330.8 (03/10/97) Low: 4056.6 (10/01/97)
Time of FTSE All-Share Day's high: 8:33 AM Day's low: 2:32 PM. FTSE All-Share 1997 High: 2492.41 (03/10/97) Low: 1968.79 (02/01/97)

Further information is available on http://www.ftse.com

† Sector P/E ratios greater than 80 and net covers greater than 30 are not shown.
‡ Values are negative. Deletion: Delaney (FTSE Fledgling) effective 17th Oct.
Name Change: TR City of London Tst now City of London (FTSE 250) effective 20th Oct. Nycomed Amersham formerly Amersham International (FTSE 250).

FTSE INTERNATIONAL

TRADING VOLUME

■ Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i	675	492	−8
AMVESCAP	1,400	415	[illegible]
ASDA Group†	7,300	158	[illegible]
Abbey National†	2,900	[illegible]	[illegible]
Arjo Wiggins	[illegible]	[illegible]	[illegible]
Alliance & Leicester†	1,800	[illegible]	−11

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 Index constituent. All rights reserved. Extel, part of FT Information.

هكذا من الأصل

Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

FT/S&P ACTUARIES WORLD INDICES

The FT/S&P Actuaries World Indices are owned by FTSE International Limited, Goldman, Sachs & Co. and Standard & Poor's. The indices are compiled by FTSE International and Standard & Poor's in conjunction with the Faculty of Actuaries and the Institute of Actuaries. NatWest Securities Ltd. was a co-founder of the indices.

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	WEDNESDAY OCTOBER 22 1997 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	TUESDAY OCTOBER 21 1997 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 52 week High	52 week Low	Year ago (approx)
Australia (76)	221.76	-1.7	201.08	169.16	205.39	208.98	1.2	3.66	225.63	204.62	171.72	209.99	208.51	243.87	209.89	214.38
Austria (24)	206.61	-0.2	187.34	157.60	191.36	191.30	-0.4	1.72	207.08	187.80	157.61	192.18	192.12	213.59	175.14	181.69
Belgium (27)	244.33	0.0	221.55	186.38	226.30	221.23	-0.2	3.12	244.24	221.50	185.89	226.67	221.62	261.11	219.71	220.41
Brazil (30)	307.31	-0.4	278.66	234.42	284.63	822.52	-0.3	1.17	308.59	279.86	234.87	286.39	624.72	322.44	178.94	185.59
Canada (123)	228.04	0.0	206.77	173.95	211.21	229.74	0.1	1.65	228.10	206.86	173.60	211.68	229.45	233.66	178.27	178.87
Denmark (32)	424.34	0.7	384.76	323.68	393.01	391.49	0.5	1.31	421.43	382.19	320.75	391.11	389.55	429.78	327.98	335.14
Finland (28)	348.18	0.2	315.71	265.59	322.48	389.63	0.0	1.60	347.39	315.04	264.39	322.39	389.53	349.43	216.01	221.93
France (84)	233.92	-0.8	212.11	178.43	216.65	219.10	-1.0	2.43	235.86	213.90	179.51	218.89	221.26	248.28	200.57	201.44
Germany (59)	230.94	0.8	209.40	178.16	213.89	213.89	0.7	1.35	228.99	207.67	174.28	212.52	212.52	243.87	179.31	180.08
Hong Kong, China (66)	390.23	-7.3	353.84	297.67	361.42	388.25	-7.3	4.08	421.18	381.96	320.55	390.87	418.99	580.03	390.23	466.42
Indonesia (27)	120.04	-2.5	108.84	91.57	111.18	269.89	-1.8	2.53	123.07	111.61	93.67	114.22	274.82	254.90	117.56	204.45
Ireland (17)	387.70	-0.1	351.55	295.74	359.08	373.83	0.2	2.59	388.03	351.90	295.33	360.11	373.16	394.88	309.70	313.15
Italy (53)	112.82	-0.2	102.30	86.06	104.49	148.56	-0.3	1.62	113.08	102.55	86.06	104.94	147.02	115.27	75.44	78.47
Japan (484)	118.12	1.4	107.10	90.10	109.40	90.10	1.7	0.88	116.45	105.61	88.63	108.07	88.63	143.36	107.57	141.74
Malaysia (107)	253.00	-5.6	229.41	192.99	234.33	331.01	-3.9	2.16	268.02	243.07	203.99	248.74	344.25	660.85	253.00	584.72
Mexico (27)	1880.64	-1.1	1705.26	1434.55	1741.80	15873.79	-1.1	1.53	1901.98	1724.90	1447.59	1765.13	16057.07	1901.98	1136.59	1205.73
Netherlands (19)	415.50	-0.7	376.75	316.94	384.82	380.83	-0.8	2.19	418.39	379.43	318.43	388.28	383.96	440.67	307.19	313.59
New Zealand (14)	94.87	0.1	86.03	72.37	87.87	80.28	1.9	3.82	94.76	85.93	72.12	87.94	78.80	96.47	83.03	93.09
Norway (39)	365.85	-0.4	331.73	279.07	338.84	358.94	0.1	1.72	367.42	333.21	279.64	340.99	358.88	374.84	251.98	262.65
Philippines (22)	89.46	-4.5	81.12	68.24	82.86	154.92	-3.2	1.37	93.71	84.98	71.32	86.97	159.99	214.07	87.66	194.68
Singapore (42)	254.89	-3.7	231.12	194.43	236.07	186.06	-3.2	1.70	264.63	240.00	201.41	245.59	192.26	448.01	254.89	373.49
South Africa (43)	339.43	-0.3	307.78	258.92	314.37	349.95	0.1	2.43	340.37	308.68	259.08	315.88	349.51	370.12	301.49	346.03
Spain (33)	258.48	-0.2	234.38	197.17	239.40	294.21	-0.4	2.29	258.91	234.81	197.06	240.28	295.37	277.33	186.26	188.63
Sweden (49)	504.86	-0.5	457.78	385.11	467.59	573.56	-0.6	1.81	507.18	459.96	386.01	470.69	577.18	538.94	390.36	398.92
Switzerland (33)	316.78	-0.3	287.24	241.64	293.40	289.72	-0.9	1.15	317.77	288.18	241.85	294.90	292.31	329.59	231.69	244.22
Thailand (39)	34.77	1.2	31.53	26.53	32.21	51.62	0.0	5.45	34.38	31.18	26.16	31.90	51.50	129.94	34.38	118.21
United Kingdom (215)	331.78	-1.3	300.84	253.09	307.29	300.84	-1.3	3.29	336.21	304.90	255.88	312.02	304.90	337.99	256.17	260.57
USA (634)	394.92	-0.3	358.10	301.25	365.77	394.92	-0.3	1.57	396.11	359.23	301.48	367.61	396.11	399.82	283.35	287.41
Americas (814)	361.29	-0.3	327.60	275.59	334.62	304.39	-0.3	1.57	362.37	328.63	275.80	336.30	305.27	365.75	259.48	263.00
Europe (712)	287.22	-0.6	260.44	219.09	266.02	271.25	-0.7	2.38	288.91	262.01	219.89	268.12	273.23	296.25	222.83	224.79
Nordic (148)	447.55	-0.2	405.81	341.39	414.51	445.71	-0.3	1.69	448.32	406.58	341.22	416.07	446.96	464.93	333.70	339.18
Pacific Basin (877)	129.31	0.1	117.25	98.64	119.76	100.30	0.5	1.45	129.24	117.21	98.38	119.94	99.79	160.96	127.18	157.67
Euro-Pacific (1589)	195.21	-0.3	177.00	148.90	180.80	164.37	-0.2	2.01	195.87	177.63	149.08	181.79	164.78	209.12	173.55	185.52
North America (757)	384.57	-0.3	348.71	293.35	356.18	383.93	-0.3	1.57	385.66	349.77	293.54	357.93	385.00	389.57	277.20	280.88
Europe Ex. UK (497)	257.02	-0.2	233.05	196.05	238.04	248.66	-0.4	1.82	257.42	233.46	195.92	238.90	249.59	267.07	198.96	200.77
Pacific Ex. Japan (393)	232.44	-4.6	210.76	177.30	215.28	221.41	-3.4	3.52	243.72	221.03	185.49	226.18	229.15	320.65	232.44	298.48
World Ex. US (1812)	200.43	-0.3	181.74	152.89	185.64	172.21	-0.2	1.98	201.10	182.38	153.06	186.63	172.61	212.89	176.94	187.47
World Ex. UK (2231)	256.30	-0.2	232.40	195.50	237.38	229.92	-0.1	1.60	256.81	232.90	195.45	238.33	230.24	262.69	211.16	214.72
World Ex. Japan (1962)	335.85	-0.8	304.53	256.19	311.06	328.49	-0.6	1.92	337.86	306.40	257.14	313.55	330.39	344.35	257.42	259.60
The World Index (2448)	262.74	-0.3	238.24	200.42	243.34	236.39	-0.3	1.78	263.57	239.03	200.60	244.61	237.03	268.47	216.15	218.66

 Latest prices were unavailable for this edition.

NEW YORK STOCK EXCHANGE PRICES

4 pm close October 23

1997 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Chng Prev. Close
[illegible]										

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

- S -

- T -

- U -

- V -

- W -

- X - Y - Z -

Price data supplied by Telekurs, part of FT Information.

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GLOBAL EQUITY MARKETS

US INDICES

Dow Jones	Oct 22	Oct 21	Oct 20	1997 High	1997 Low	Since compilation High	Since compilation Low
Industrials	8034.65	8060.44	7921.44	8259.31 (6/8)	6391.69 (11/4)	8259.31 (6/8/97)	41.22 (8/7/32)
Home Bonds	104.03	104.12	104.04	104.70 (31/7)	101.09 (14/4)	104.79 (31/7/97)	54.99 (1/10/81)
Transport	3367.09	3363.33	3282.68	3358.27 (15/10)	2222.07 (2/1)	3358.27 (15/10/97)	13.23 (8/7/32)
Utilities	247.99	247.82	245.36	265.82 (7/10)	209.47 (25/4)	258.48 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 8124.78 (8090.40) Low 7941.33 (7909.41) (Theoretical♣)
Day's high 8089.94 (8084.61) Low 7993.89 (7921.93) (Actual♣)

Standard and Poors	Oct 22	Oct 21	Oct 20	1997 High	1997 Low	Since compilation High	Since compilation Low
Composite‡	968.49	972.28	955.61	983.12 (7/10)	737.01 (2/1)	983.12 (7/10/97)	4.40 (1/6/32)
Industrials▼	1128.51	1132.85	1114.53	1146.82 (7/10)	865.42 (11/4)	1146.82 (7/10/97)	3.52 (30/6/32)
Financial▼	116.12	116.57	114.02	118.04 (7/10)	80.75 (2/1)	118.04 (7/10/97)	7.13 (4/9/74)
Others							
NYSE Comp.	508.80	510.19	502.28	514.21 (7/10)	389.47 (11/4)	514.21 (7/10/97)	4.64 (25/4/42)
Amex Comp	713.74	712.36	706.58	721.98 (7/10)	541.30 (28/4)	721.98 (7/10/97)	524.20 (16/7/86)
NASDAQ Cmp	1708.08	1712.54	1685.45	1745.85 (9/10)	1201.00 (2/4)	1745.85 (9/10/97)	54.87 (3/10/74)
Russell 2000	458.25	458.93	453.85	465.21 (13/10)	335.85 (25/4)	465.21 (13/10/97)	123.36 (7/12/93)

■ RATIOS

	Oct 17	Oct 10	Oct 3	Year ago
Dow Jones Ind. Div. Yield	1.70	1.66	1.66	2.12
	Oct 22	Oct 15	Oct 8	Year ago
S & P Ind. Div. yield	1.47	1.47	1.46	1.92
S & P Ind. P/E ratio	25.98	25.95	26.18	23.15

US DATA

■ MARKET ACTIVITY

● Volume (million)

	Oct 22	Oct 21	Oct 20
NYSE	612.239	583.580	483.880
Amex	26.147	28.917	21.988
NASDAQ	788.303	800.819	694.743

NYSE	Oct 22	Oct 21	Oct 20
Issues Traded	3,401	3,393	3,379
Rises	1,219	1,946	1,876
Falls	1,616	906	1,005
Unchanged	566	541	498
New Highs	175	186	85
New Lows	30	28	32

■ NYSE TRADING ACTIVITY — Volume : 612,239,000

■ ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Boeing	23,914,700	48⅛	−4½
China Telcm	12,095,800	28	−2½
Centerior	9,244,900	11⅜	+⅛
AlliedSignal	9,162,200	40¾	−2¼
AT&T	7,094,100	49½	−¼
Sears Rbck	6,580,600	44½	−1⅛
Vencor	6,515,200	30¾	−12¼
Ph Morris	5,340,100	41⅞	+½
Iomega	5,436,800	29⅛	+1½
Boston Sci	4,920,400	57	−6⅛

■ BIGGEST MOVERS

Wednesday	Close price	Day's change	Day's chge %
Ups			
USX–Delhi	19⅛	+2⅞	+16.3
Terex	25½	+2⅝	+11.5
JLK Direct	31⅛	+3	+10.6
Tandy Cp	38	+2⅞	+8.4
Downs			
Vencor	30½	−12¼	−28.7
Spartan	13½	−2⅝	−16.5
Utd Co Fin	30⅛	−4¼	−12.5
Huaneng Pw	18⅞	−2⅞	−12.5

■ NASDAQ TRADING ACTIVITY — Volume :788,303,000

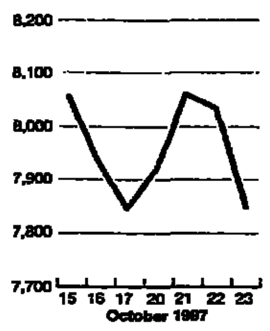
■ ACTIVE STOCKS

Wednesday	Stocks traded	Close price	Day's change
Nokia Cncl	13,700,800	1½	−⅛
HBO & Co	13,408,300	48¾	+1⅛
Intel	12,839,700	83⅞	−1⅛
Cityscape	11,048,800	2⅜	−¼
Sun Microsys	9,866,700	38	−1½
Appld Matl	9,102,100	40⅞	−⅛
Comcast Crp	7,787,800	29½	+1⅞
Cisco Sys	7,027,200	83⅞	−¾
Microsoft	6,960,400	135⅞	−2⅞
DSC Comm	6,400,700	27⅝	−1⅛

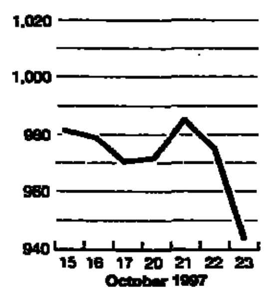
■ BIGGEST MOVERS

Wednesday	Close price	Day's change	Day's chge %
Ups			
Crest Tech	26¼	+5¾	+27.1
Ameripath	19¾	+3¾	+23.4
LHS Grp	54¼	+8¼	+17.9
Kreisler	30¾	+4	+14.9
Downs			
Sunquest	8¾	−3	−25.3
Mexicana	15½	−2⅞	−15.9
Weyco Grp	24	−3¾	−13.5
Pope Rs B	133	−20½	−13.4

Dow Jones



FTSE Eurotop 300



JAPAN

	Oct 23	Oct 22	Oct 21	1997 High	1997 Low	Since compilation High	Since compilation Low
Nikkei 225	17151.55	17687.61	17210.09	20681.07	17151.55	38915.9	85.25

■ TOKYO TRADING ACTIVITY — Volume : 452,000,000

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Nippon Stl	20,413,000	259	−15
Kawasaki Stl	7,827,000	224	−10
Bk Tk–Mitsh	7,618,000	1730	−110
Mitsbsi Hvy	6,870,000	667	−7
Sakura Bk	6,308,000	530	−20
Asahi Corp	5,814,000	57	−4
Kawasaki Hvy	5,719,000	340	−17
NKK Corp	5,365,000	173	−9
Nomura Sec	4,541,000	1580	−40
Fuji Hvy I	4,535,000	465	−36

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Fuji Car M	214	+29	+15.7
Joshn Denki	574	+69	+13.7
Hok Tku Bk	90	+10	+12.5
Ichida	278	+28	+11.2
Downs			
Nihon Kent	539	−100	−15.7
Sankyo	2700	−500	−15.6
Toyo Corp	1170	−200	−14.6
Toho Rayon	165	−24	−12.7

FRANCE

	Oct 23	Oct 22	Oct 21	1997 High	1997 Low	Since compilation High	Since compilation Low
CAC 40	2856.87	2958.06	2989.89	3094.01	2256.97	3094.01	984.61

■ PARIS TRADING ACTIVITY — Volume : 702,197,180

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
Fr Telecom	5,924,533	206.4	−4.4
Rh–Poulenc A	3,604,369	246	−10
Usinor	2,011,842	110.5	−6
Ass Gn Fr	1,899,802	314.3	−4.9
Axa–UAP	1,765,291	388.6	−8.9
Bqe Nat Paris	1,150,481	301.7	−18.4
Alcatel Alst	1,142,931	763	−39
LVMH Moet	1,005,323	1034	−74
Elf Aquitaine	918,475	750	−39
Total	871,027	537	−17

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Sei Transp	356	+33	+10.2
Berthet–Bad	115	+10	+9.5
Arbel (E)	72	+6	+9.1
Cord D'Ass	485	+22.3	+4.8
Downs			
Br Pasquier	30	−6	−16.7
Fives–Lille	360	−45	−11.1
Calciphos	124.2	−13.5	−9.8
Mont P&G	2168	−236	−9.7

GERMANY

	Oct 23	Oct 22	Oct 21	1997 High	1997 Low	Since compilation High	Since compilation Low
DAX	3977.26	4171.45	4139.50	4438.93	2848.77	4438.93	931.18

■ FRANKFURT TRADING ACTIVITY — Volume : 9,055,260

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
D Telecom	968,361	31.55	−1.55
Siemens	653,238	114.6	−5.9
Lufthansa	570,255	31.5	−1.5
Dtsche Bnk	555,803	117.9	−6.35
DaimlrBnz	528,070	128.1	−7
BASF	457,559	60.7	−3.22
Commzbk	447,112	62	−3
Bayer	429,216	65.05	−2.95
Veba	377,968	98.2	−3.6
Dresdnr Bk	316,057	77.7	−4.75

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Marschollek	427	+17	+4.1
Harpen	328	+8	+2.5
Ahlers (A)	495	+10	+2.1
Downs			
Deutsche Bck	102	−9.5	−8.5
Linotype Hell	93	−8	−7.9
Bilf & Berger	68	−5.8	−7.9
Allianz	410	−31.4	−7.1
Babcock–BSH	115.5	−8.45	−6.8

UK

	Oct 23	Oct 22	Oct 21	1997 High	1997 Low	Since compilation High	Since compilation Low
FTSE 100	4991.5	5148.8	5225.9	5330.80	4056.60	5330.8	986.9

■ LONDON TRADING ACTIVITY — Volume : 934,100,000

■ ACTIVE STOCKS

Thursday	Stocks traded	Close price	Day's change
BG	38,923,310	272	−4½
Shell T&T	15,968,610	434½	−12½
NFC	14,076,550	147½	−4½
Cable & Wire	13,797,160	473	−17
BTR	13,792,870	227	−5
BT	12,078,480	474	−6
Bk Scotland	11,017,340	510	−28
Rio Tinto	10,510,980	858	−67
Sears	10,484,120	60½	−1½
HSBC (75p)	10,339,420	1610	−156

■ BIGGEST MOVERS

Thursday	Close price	Day's change	Day's chge %
Ups			
Fergsn Int	138	+21	+17.9
Save Grp	98½	+13	+15.2
Stewart&Wt	242	+11	+4.8
Flextech	571	+20	+3.6
Downs			
Monarch Rs	22½	−4½	−16.7
Scot Nat Cap	99	−17½	−15.0
Inchcape	244½	−38	−13.4
Nat Power	488	−48½	−9.0

INDEX FUTURES

■ S&P 500	Open	Latest	Change	High	Low	Est. vol.	Open int.
Dec	973.55	958.00	−16.30	974.00	949.00	54,089	189,227
Mar	961.00	968.00	−17.15	968.00	959.00	219	4,415
■ Nikkei 225	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Dec	17590.0	17260.0	−390.0	17630.0	17160.0	29,228	170,094
Mar	17280.0	17210.0	−430.0	17280.0	17200.0	29	9,638

■ CAC-40 (200 x Index)	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Oct	2900.0	2859.0	−106.0	2934.0	2836.0	36,049	27,882
Nov	2918.0	2867.0	−106.0	2939.0	2848.0	1,446	17,002
■ DAX							
Dec	4132.5	3982.5	−161.5	4134.0	3941.5	40,543	60,819
Mar	4160.0	4020.5	−161.0	4160.0	3984.5	637	3,291

■ OMX	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Oct	2460.00	2439.00	−66.50	2478.50	2403.50	18,887	11,228
Nov	2471.00	2449.00	−70.25	2490.00	2415.75	12,976	16,235
■ SOFFEX							
Nov	5722.0	5661.0	−135.0	5755.0	5605.0	9,355	22,071
Dec	5638.0	5670.0	−246.0	5638.0	5638.0	11	246

Open interest figures for previous day.

WORLD MARKETS AT A GLANCE

Country	Index	Oct 23	Oct 22	Oct 21	1997 High	1997 Low	✣ Yield	✣ P/E
Argentina	General	25728.11	25771.70	25732.11	25551.25 21/10	18237.37 2/1	2.8	21.4
Australia	All Ordinaries	2614.8	2682.9	2650.7	2778.20 25/9	2352.20 1/4	3.39	19.1
	All Mining	719.7	748.2	749.5	987.10 24/2	719.70 23/10		
Freefall in Hong Kong overshadowed strong local wages data which put paid to talk of a cut in interest rates.								
Austria	Credit Aktien	456.58	466.98	467.99	474.42 2/10	374.40 9/1	1.85	16.8
	Traded Index	1374.09	1418.02	1425.27	1480.49 31/7	1138.22 9/1		
Shares fell in low volume with VA Tech down 4.5 per cent.								
Belgium	BEL20	2328.36	2381.89	2401.02	2621.98 29/7	1871.05 2/1	2.37	15.9
Leading stock pulled back from session lows in dull volume.								
Brazil	Bovespa	12158	12956.0	13018.0	13617.80 8/7	6955.50 2/1	0.4	na
Canada	TSE 100♦	422.29	426.70	425.37	430.48 7/10	342.12 11/4	1.63	21.7
	Metals Mnls♦	4634.51	4691.65	4691.65	5881.75 10/3	4540.73 17/10		
	Composite♦	7083.4	7163.60	7137.30	7209.99 7/10	5878.30 14/4		
	Portfolio§§	3470.90	3510.83	3505.34	3547.88 7/10	2849.02 11/4		
Shares track Wall Street with broad market mostly ignoring a solid start for golds.								
Chile	IGPA Gen▼	5197.12	5228.21	5208.93	5886.71 4/7	4912.42 2/1	3.38	17
China	Shanghai B	67.13	70.33	70.93	98.21 7/5	60.76 9/1	1.2	70.9
	Shenzhen B	117.01	125.55	128.84	184.20 6/5	117.01 23/10		
Brokers said the plunge in Hong Kong offset the potential benefits of the local interest rate cut.								
Colombia	IBB	1521.81	1521.80	1515.88	1533.72 16/10	844.41 2/1	na	na
Czech Republic	PX 50	540.9	548.5	545.8	629.00 25/2	476.70 21/5	na	na
Sentiment unsettled by news of resignation of Czech foreign minister.								
Denmark	CopenhagenSE	(u)	660.98	656.35	682.81 6/10	476.14 2/1	1.3	21
Asian worries and Wall Street's weak start sent market lower.								
Egypt	Cairo SE Gen	367.29	366.98	367.47	--	--	na	na
Shares ended a mixed after a low volume session.								
Finland	HEX General	3777.13	3890.81	3880.69	3890.81 22/10	2483.28 2/1	1.59	17.2
Nokia fell 4 per cent to send overall market down sharply.								
France	SBF 250	1854.40	1915.26	1931.64	2003.43 31/7	1533.19 2/1	2.48	17.6
	CAC 40	2856.87	2958.06	2989.89	3094.01 3/10	2256.97 2/1		
Fears of a steep falloff in Asian demand sent LVMH down sharply and created ripples across luxury goods sector as a whole.								
Germany	FAZ Aktien	1347.00	1395.22	1378.50	1481.44 31/7	988.21 2/1	1.38	20.5
	Commerzbank	3928.00	4069.70	4015.50	4338.70 31/7	2876.80 2/1		
	DAX‡	3977.26	4171.45	4139.50	4438.93 31/7	2848.77 2/1		
Construction leaders Bilfinger and Hochtief fell on Asian worries and lead overall market lower.								
Greece	Athens SE	1710.68	1735.94	1732.53	1798.14 9/10	954.34 2/1	2.65	18.1
Shares fell 1.5 per cent to turn in one of the more resilient performances in Europe.								
Hong Kong	Hang Seng	10426.30	11637.77	12403.10	16673.27 7/8	10426.30 23/10	3.36	11.6
	HSCC Red Chip	1819.94	2024.91	2329.79	4110.55 27/8	1819.94 23/10		
Hang Seng saw a record one-day points fall exceeding the 1987 crash when the index plunged 1121 points or 33 per cent.								
Hungary	Bux	(c)	8105.66	7968.76	8483.88 6/8	4291.30 6/1	na	na
India	BSE Sens.	4009.77	4082.70	4116.99	4548.02 5/8	3225.24 2/1		
	Crisil 500	734.80	746.20	751.20	843.28 5/8	622.71 2/1	na	na
Shares moved lower in nervous trading.								
Indonesia	Jakarta Comp.	494.13	505.23	514.96	740.83 8/7	478.01 2/9	2.31	14.2
Regional share falls and uncertainties over IMF package overshadowed central banks recent moves to increase liquidity.								
Ireland	ISEQ Overall	3825.31	3857.38†	3870.83	3924.08 14/10	2725.67 2/1	2.25	19
Financial stocks fell sharply, although overall was thin.								
Israel	Mishtanim 100	(c)	(c)	310.16	311.78 6/8	214.15 2/1	na	na
Italy	BCI Comit 30	233.74	237.93	239.11	242.86 26/9	156.74 2/1	1.56	25.3
	Banca Com Ital	981.45	1006.69	998.19	1006.89 22/10	642.55 2/1		
	Mibtel General	15712.0	15997.0	16023.0	16058.00 26/9	10498.00 2/1		
Banca di Roma rose 1.6 per cent on talks with Russian trading company to check overall market decline.								
Japan	Nikkei 225	17151.55	17687.61	17210.09	20681.07 16/6	17151.55 23/10	0.84	47.5
	Nikkei 300	262.55	269.42	265.13	303.71 28/7	251.04 27/1		
	Topix	1335.86	1366.74	1344.32	1560.28 26/6	1328.82 10/4		
	2nd Section	1434.62	1435.76	1424.78	1848.25 30/6	1409.81 14/10		
Shares fell to a new low for the year in sympathy with Hong Kong.								
Jordan	Amman SE	(c)	170.84	171.0	--	--	na	na
Malaysia	KLSE Comp.	706.45	731.17	760.30	1271.57 25/2	706.45 23/10	2.43	12.3
Shares recorded fifth consecutive fall; index at lowest level since July 1993.								
Mexico	IPC	5088.69	5298.19†	5369.48	5386.25 16/10	3359.46 2/1	1.16	18.1
Morocco	CASA	665.80	665.37	664.89	680.75 23/4	461.99 3/1	na	na
Shares make modest upward progress following a solid session for bank stocks.								
Netherlands	CBS TtRtnGen	1059.9	1095.7	1103.0	1184.60 7/8	738.80 2/1	2.03	23.6
	CBS All Shr	608.1	628.6	632.9	684.40 7/8	429.00 2/1		
Profit-takers moved in on Philips following their electronic giant's third quarter results.								
New Zealand	Cap. 40	2609.36	2635.48	2599.94	2635.48 22/10	2267.48 1/4	3.98	20.5
Brokers said the market held up well given the extent of falls in Hong Kong and Australia.								
Nigeria	SE All-Share	(u)	6759.50	6746.05	--	--	na	na
Norway	Oslo SE Ind	2250.60	2287.56	2285.95	2287.56 22/10	1639.83 2/1	1.73	16.2
Shares moved broadly lower but brokers said sentiment remained in good shape.								
Pakistan	Karachi SE	2014.20	2067.98	2058.52	2067.98 22/10	1341.31 7/1	na	na
Shares sent lower by a mixture of Asian worries and profit-taking.								
Peru	Lima Gen	1972.69	1987.88	1972.14	2289.40 10/7	1429.76 2/1	na	na
Philippines	Manila Comp	1832.91	1928.97	1993.89	3447.60 3/2	1832.91 23/10	1.31	11.9
Poland	WIG	17576.4	17792.5	17788.6	18339.49 18/2	14421.80 6/1	1.37	12.2
Shares slipped in spite of what was described as a clear break in the political clouds.								
Portugal	BVL 30	3551.81	3627.36	3633.19	3688.81 3/10	2165.57 2/1	1.65	26
	PSI 20	8279.00	8456.12	8468.86	8603.52 3/10	5152.34 2/1		
Shares moved lower in thin and nervous trading.								
Russia	RTS	528.50	550.44	539.01	571.66 6/10	213.38 6/1	na	na
Turnover soared to $151m as the market with what was said to be a vicious round of profit-taking.								
Singapore	SES All-S'pore	412.28	430.18	440.99	573.93 17/2	412.28 23/10	2.09	14.5
	Straits Times	1649.87	1731.68	1771.22	2271.88 20/1	1649.87 23/10		
Hong Kong fallout plus heavy local fund redemptions sent the broad market lower.								
Slovakia	SAX	185.81	183.30	180.28	208.64 21/3	164.81 22/7	na	na
Solid gains for oil and gas group Nafta led the market higher.								
South Africa	JSE Gold	1008.7▼	1004.8	1009.6	1589.10 27/2	873.20 23/9	2.54	15.1
	JSE Indl.	8682.0▼	9036.5	8948.9	9314.20 7/8	7659.50 2/1		
Golds improved modestly, but the broad market was mostly swamped by the shakeout in Asia.								
South Korea	KoreaCmpEx**	604.06	601.32	566.85	792.29 17/6	585.84 20/10	2.29	14.2
Shares fell steeply as investors tracked Hong Kong.								
Spain	Madrid SE	584.83	599.42	602.00	640.20 1/10	434.54 2/1	2.4	20.3
Telecoms leader Telefonica fell steeply to lead the broad market lower.								
Sri Lanka	CSE All Share	766.70	768.60	769.70	869.70 31/7	606.70 2/1	na	na
Sweden	AffarsvarldsGen	3069.4	3155.8	3177.1	3315.80 7/8	2378.50 3/1	1.79	22.3
Ericsson fell steeply on profit-taking in spite of a strong earning report to send market down.								
Switzerland	SMI Index	5651.8	5803.2	5862.9	6812.60 8/7	3822.80 7/1	1.1	22.8
	SPI General	3617.93	3708.66	3738.01	3770.16 3/10	2508.22 6/1		
Shares track the broad downturn across Europe.								
Taiwan	WeightedPr.**	7825.01	7692.47	7734.05	10116.84 26/8	6844.76 6/1	1.04	29.9
Shares stood out against Asian slide, helped by buying by government-related funds.								
Thailand	Bangkok SET	(c)	511.58	507.94	858.97 22/1	464.77 19/6	5.12	10.3
Closed for national holiday.								
Turkey	IMKB Nat 100	3543.0	3497.00	3442.00	3543.80 23/10	995.00 2/1	1.66	19.9
shares hit a fresh all-time high. Energy stocks made most of the upward running.								
Venezuela	IBC	10566.51	10730.60	10624.33	10817.13 17/10	6061.98 12/3	na	na
Zimbabwe	ZSE Industrial	(u)	10363.65	10233.13	12081.95 5/8	8839.60 2/1	na	na
WORLD	FT/S&P World(S)	(u)	262.74	263.57	268.09 7/10	218.61 14/4	na	na
	MS Capital IntS	940.4*	983.3	986.1	981.80 31/7	794.50 14/4	na	na
CROSS-BORDER	Eurotrack 100	2624.99	2713.76	2679.89	2794.80 7/8	1803.88 2/1	na	na
	FTSE E100	2199.99	2277.81	2297.04	2355.95 7/8	1582.99 2/1	na	na
	HSBC JC Drgn	(u)	291.58	307.20	434.83 6/8	291.58 22/10	na	na
	MG Emrgs Emrg	171.91	173.79	172.59	198.81 8/7	159.74 3/1	na	na

** Sat Oct 18: Taiwan Weighted Price 7918.45; Korea Comp Ex 584.71. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Oct 23 - 3970.38 −148.48.† Correction. * Calculated at 15.00 GMT. ⊕ Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♣ The DJ Ind. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ▼ Subject to official recalculation. ✣ Yields and P/E ratios are based on Datastream Total Market Indices. ✣ Midsession.

NASDAQ NATIONAL MARKET

4 pm close October 23

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

NASDAQ NATIONAL MARKET

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
[illegible]							

AMEX PRICES

4 pm close October 23

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

EASDAQ

EASDAQ is a fully regulated independent pan European Stock Market focused on high growth companies with international aspirations. The shares of companies on the EASDAQ Stock Market can be bought and sold through EASDAQ Members

Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$2.875		1458	8.25	2.875	Lernout & Hauspie	US$54.75	+1	22490	58.625	25
Artwork Systems	US$9.625	-0.125	11350	11.125	7.875	Memtecs	US$7.8125	+0.4375	221250	8.125	7.1875
Chemunex	FFr12.5		5761486	18	10	Mercer Int'l	US$11.5	-1	3000	12.875	8.125
Dobsonair Holdings	GBP4.9	-0.4	6250	7.15	4.5	NTL	US$28.125	+0.25	5000	28.375	20.5
Dr Solomon's ADS	US$27.375	-0.75	14100	32.375	16.875	PixTech	US$3.375	-0.25	1000	6.125	3.375
EDAP TMS	US$8.1875	-0.125	0	9.125	6.5	Schoeller-Bleckmann	Sch1583	-47	3000	1692	900
Espace Prod. Int.	FFr104.13	-2.27	2300	117	104.13	Topcall Int'l	Sch4573	-207	2014	5000	3065
Esprit Telecom ADS	US$5.625	-0.125	1000	12.25	5.375	Turbodyne Technol.	US$5.15	-0.15	0	6.25	3.73
Innogenetics	US$14	-0.5	147786	15.75	9.875						

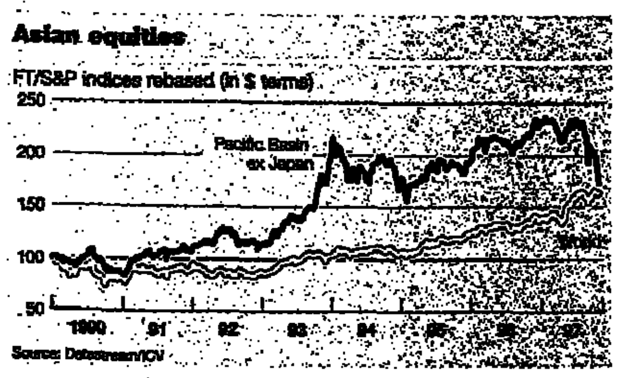
Prices for 23/10/97. Please note that mid prices are now used to calculate highs and lows. Information about EASDAQ can be found on the Web site at HTTP://WWW.EASDAQ.be EASDAQ offices are located in Brussels (Tel 32-2 / 227 65 20) and in London (Tel 44-171 / 489 9890)

World bourses slide on Hang Seng's woes

WORLD OVERVIEW

A single day drop of more than 10 per cent in Hong Kong's Hang Seng index triggered a sharp slide in the world's bourses yesterday. By the end of the European trading day markets were off their lows, but a partial recovery on Wall Street petered out in late morning trading, *writes Martin Dickson.*

The Hang Seng index, suffering its fourth consecutive day of sharp decline, slumped 1,211.47 points – its biggest ever one-day points decline – to close at 10,426.30 as the former colony's monetary authority raised overnight interest rates to defend the Hong Kong dollar's link with the US currency.



Many other Asian markets fell sharply in sympathy. Singapore and Manila dropped 5 per cent. Kuala Lumpur more than 3 per cent and Jakarta 2 per cent. Taipei and Seoul closed in positive territory but Tokyo's Nikkei index ended with losses of 3 per cent.

European equity markets opened sharply down, with initial losses of about 3 per cent, and weakened again after a short recovery ahead of Wall Street's opening.

On Wall Street the Dow Jones rapidly fell more than 170 points – not as severe a decline as some analysts had feared – and attempted to pull back lost ground, helped by the powerful bond market rally. Treasuries were helped by a safe-haven flight from Asian equities, with the benchmark 30-year issue jumping more than a full point.

Major Latin American markets suffered early losses on fears that the Asian currency contagion would prompt a flight to safety from emerging markets.

European equity markets ended the day sharply down, but generally off their lows for the day. London's FTSE 100 index was down 3.1 per cent, Germany's IBIS Dax off 3.6 per cent in late trading and the CAC 40 index in Paris 3.4 per cent lower.

Companies with exposure to eastern Asia led the decline, with HSBC, Standard Chartered and Cable & Wireless hit hard in London, and luxury goods makers L'Oreal, Louis Vuitton Moet Hennessy and Christian Dior casualties in France.

UK gilts and German bunds closed higher, due partly to switching from equities. Traders said bunds had been little affected by the morning's Bundesbank decision to leave interest rates unchanged, which had been anticipated.

After a day of turmoil, analysts were wary of forecasting the immediate outlook for equities. Many said it depended on sentiment in Hong Kong, where the authorities yesterday stressed their strong commitment to defending the peg.

But analysts said sustained high interest rates would have a severe impact on the Hong Kong property market.

Dow follows Asia and Europe lower

AMERICAS

US stocks followed Asian and European markets downward, with the Dow Jones Industrial Average giving up more than 170 points at one stage, *writes John Labate in New York.*

Hong Kong's plunging stock market was the main reason for broad-based weakness in the US. After opening sharply lower, the Dow recovered somewhat by mid-morning, before a new round of selling gained momentum by early afternoon. At 1pm, the Dow was down 159.62 or 2 per cent at 7,875.03.

Technology issues were hit almost as badly as blue chips, with the Nasdaq composite index off 1.9 per cent or 32.13 at 1,675.95. The Standard & Poor's 500 index plunged 15.23 at 952.15.

Market watchers took news of falling stocks somewhat in their stride.

"We have had two noticeable declines since August and none of them have fractured the structure of the market," said Phil Rettew, market technician at Merrill Lynch in New York. "A pullback of the Dow to 7,600 to 7,700 would not be surprising."

Bill Meehan, chief market analyst at Cantor Fitzgerald in Connecticut, added: "It was an immediate kneejerk reaction here, and I'm surprised that it wasn't a bit worse."

The Treasury bond market was sharply higher in morning trading, but eased off early highs after what traders said was selling by foreign central bankers. By midday the benchmark 30-year Treasury bond was up ⅜ at 100⅜, yielding 6.334 per cent.

Speculation on the next move by the Federal Reserve spread through the market, as expectations of a rate rise in November eased in light of Asia's turmoil. But next week will be a busy week for Treasuries: a speech by Federal Reserve chairman Alan Greenspan is expected, as well as release of the important employment cost index next Tuesday.

Stocks with greater exposure to overseas markets suffered the most as earnings season continued. American International Group fell $4 7/16 to $107⅞ after the financial group released better than expected third-quarter earnings but warned about being negatively impacted by currency conversions.

Citicorp's shares fell $4 11/16 at $139⅝.

TORONTO opened sharply lower, unnerved by the turmoil in Hong Kong, but rallied to hold steady above the morning's lows. At midsession, the composite index was 98.56 points lower at 7,065.20.

Gold stocks proved the most defensive sector, with Barrick trading 10 cents higher at C$33 and Placer Dome also 10 cents to the good at C$26.30.

Analysts remained positive about the market's short-term outlook, citing the strong performance of north American bond markets yesterday, which gained as dollar-linked markets were seen as a safe haven. Lower interest rates were likely to make any correction temporary, they said.

Mexico City drops back

Latin American markets fell sharply across the board in the wake of the Asian shakeout.

MEXICO CITY fell more than 5 per cent in morning trading as Hong Kong's plunge set off a wave of selling in both the currency and the share markets. The IPC index lost 368.42 to 5030.77.

Analysts said the drop was accentuated by telecoms utility Telmex which lost 1.11 pesos to 19.34 pesos in the wake of poor third-quarter earnings figures.

SAO PAULO plummeted 7.2 per cent at the start of afternoon trade as market heavyweight Telebras opened, having been suspended during the morning session pending a government announcement about telecoms privatisation. The telecoms utility was R$12.79, or 7.9 per cent lower, as R$148.31. The Bovespa index was 932 down at 12,024.

BUENOS AIRES opened 4 per cent off as blue chips plunged, but the Merval index recovered ground to stand 28.53 lower at 834.06.

German builders take a dive

EUROPE

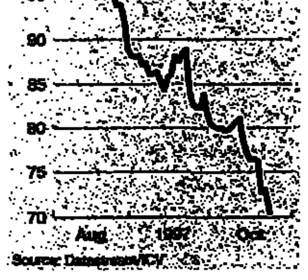
Capital goods exporters were in the firing line in FRANKFURT as dealers marked down shares of what were seen as obvious victims of an investment slump in Asia.

Construction companies Bilfinger & Berger and Hochtief were among the biggest casualties, falling more than 5 per cent, as the market fretted about their heavy Asian exposure.

This compared with the Ibis-indicated DAX, which fell 148.48 or 3.6 per cent to 3796.35. Bilfinger lost DM5.80 to DM68 while Hochtief shed DM4.90 to DM80.60.

Among the capital goods exporters under pressure were Deutsche Babcock, dropping DM9.50 to DM102, and Siemens, which recently signalled its eagerness to expand in Asia, easing DM5.90 to DM114.60.

In spite of the price swings, dealers said volumes were low with most trading being futures-led.



MADRID fell steadily on fears that Asia's currency turmoil could spread to Latin America, a region with which the Spanish economy has strong investment links. The general index closed 14.59 down at 584.83.

"The worry is that if Asia's problems hit Latin America, you are going to see a lot of Spanish companies heavily affected," said José Luis de Mora at Dresdner Kleinwort Benson.

Fears of Latin American contagion weighed heavily on the shares of Spanish banks that have invested heavily in Brazil, seen as the most likely to be next in the firing line. Banco Santander was down Pta185 at Pta4,425, while Banco Bilbao Vizcaya dropped back Pta155 to Pta4,315.

PARIS pulled higher in late trading but still racked up its heaviest one-day loss since May, with the CAC 40 index sliding 101.1 to 2,856.7 in the busiest volume for some weeks.

FTSE Actuaries Share Indices — European series

October 23

National & Regional Markets	Ecu Index	Day's %	change points	Yield gross %	xd adj	Total retn (Ecu)
FTSE Eurotop 300	944.05	–3.24	–31.65	2.35	0.00	948.35
FTSE Eurotop 100	2199.99	–3.42	–77.82	–	–	–
FTSE Eurotop 300 Regions						
300 UK	948.56	–3.59	–35.29	3.26	0.00	954.95
300 Ex-UK	943.29	–3.04	–29.56	1.83	0.00	945.28
300 Eurobloc	931.25	–3.33	–32.10	2.05	0.00	934.17
300 Ex-Eurobloc	954.00	–3.18	–31.38	2.56	0.00	959.33
FTSE Eurotop 300 Economic Groups						
Resources	964.25	–3.07	–30.55	2.81	0.00	976.06
General Industries	958.16	–3.23	–31.98	2.04	0.00	959.46
Consumer Goods	908.67	–3.03	–28.40	1.98	0.00	911.69
Services	955.13	–2.63	–25.84	2.28	0.00	959.23
Utilities	942.16	–2.86	–27.78	3.25	0.00	947.54
Financials	944.43	–3.86	–37.86	2.37	0.00	948.75

Base value 1000. More information on http://www.ftse.com. 'FTSE' and 'Footsie' are registered trade marks of the London Stock Exchange and The Financial Times. 'Eurotop' is a registered trade mark of the Amsterdam Stock Exchange. FTSE Eurotop indices are compiled by FTSE International. © FTSE International Limited 1997. All rights reserved. Share Weighting change effective 23/10/97: Lufthansa (100% to 49.99%) (Germany) (Services).

Shares with big exposure to Asia were put to the test, notably LVMH which depends heavily on revenue from Hong Kong and Japan. The shares fell FFr74.00 or 6.7 per cent to FFr1,034. L'Oreal lost FFr119.00 to FFr2,082.

Usinor fell FFr6.00 to FFr110.5 on stock overhang worries after the government announced plans to sell its remaining 7.7 per cent stake in the steelmaker.

Technical factors also helped to unseat Rhone-Poulenc. A suggestion that the company may raise its warrants issue by FFr1bn to FFr7.7bn pushed the shares down FFr10.00 to FFr246.

GAN shed FFr4.40 to FFr132.5 in spite of news that details for the sale of its CIC unit will be made available by the end of next month. Among banks, BNP came off FFr18.40 to FFr301.7 following a French press report that a preference share issue in the US was being planned.

France Telecom ran into modest profit-taking, slipping FFr4.40 to FFr206.4, against a flotation price of FFr182.

SGS-Thomson, which is set to join the CAC 40 index along with France Telecom next month, came off FFr26.90 to FFr467 on news of a share issue.

Valeo was a rare gainer among CAC components. It improved FFr3.60 to FFr403.6 after a raft of broker recommendations for motor stocks.

AMSTERDAM fell 33.07 to 882.40 on the AEX index with heavyweight Philips turning in one of the day's weakest performances.

The electronics giant tumbled Fl 10.80 or 6.3 per cent to Fl 160.20 after strong third-quarter figures and an upbeat statement. "The shares have been very strong in the run-up so it looks like a clear cut case of profit-taking on the news," said one broker.

Publishers were active. VNU lost Fl 3.30 or 7.5 per cent to Fl 41.00 and merger partners Elsevier and Wolters Kluwer came off Fl 1.60 to Fl 30.60 and Fl 10.90 to Fl 241.70 respectively.

Hagemeyer turned in the worst performance of the day on fears for its business links with a number of Asian countries. The shares ended down Fl 7.30 or 7.7 per cent at Fl 87.20.

MILAN was the least affected major European market, being seen as having limited exposure to Asia. The Mibtel index fell just 285 or 1.78 per cent to 15,712.

Luxury goods manufacturers fell on Asia worries. Bulgari slipped L458 to L10,614.

Elsewhere, bid speculation helped a few stocks buck the downward trend. Banca di Roma ended L15 higher at L1,696, having been L53 higher earlier on news that MES, a Russian oil exporter, was in talks to buy a 14 per cent stake in Italy's second largest bank.

However, the bank's main shareholder, Iri, said later that it had rejected the bid.

Bid rumours also sparked gains at transportation systems producer Ansaldo, which put on L205 to L2,354 after reports that Siemens was eyeing the company. However, the German group denied that "concrete" talks were taking place.

Written and edited by Jeffrey Brown, Jonathan Ford and Steve Conn.

SOUTH AFRICA

Shares in Johannesburg tumbled to a four-week low as worries about the shakeout in Asia and possible knock-on sell-off on Wall Street cast a shadow over the market. The all-share index retreated 327.5 or 4.5 per cent to 7,092.5.

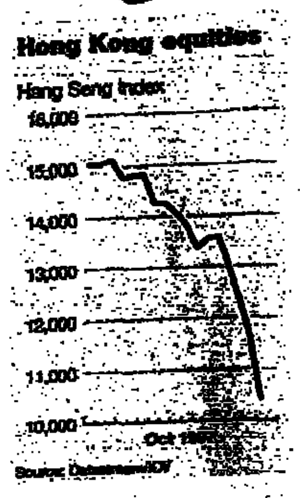
Financials led the fall, but industrials were not far behind with the industrial index off 356.0 at 8,680.5. Golds managed a modest rally, adding 3.9 to 1,008.7.

EMERGING MARKET FOCUS

Spectres spook Hong Kong

After four days of crumbling share prices, brokers in Hong Kong are wary of calling the bottom. All that the territory holds most dear – property, the currency peg and massive inflows of liquidity – are under threat.

Reflecting the scale of the sell-off, turnover this week has been even higher than that which accompanied the rally in July as China resumed sovereignty over Hong Kong. Turnover yesterday was HK$34bn, significantly higher than recent levels.



There are several spectres spooking the market, but the biggest this time is the currency. Hong Kong has staunchly defended its dollar, which is pegged to the greenback, but at a cost: interbank interest rates have risen sharply this year.

Yesterday the overnight rate, normally around 6 per cent, shot up past 250 per cent. Higher interbank rates have put a severe squeeze on banks' margins, particularly those without a retail deposit base who are more reliant on the money markets to fund their loan books.

As a guide to the level set on corporate loans, it also stands to affect a wider spread of companies – although as a rule Hong Kong corporates generally have relatively conservative gearing. Salomon Brothers calculates that a 1 per cent rise in Hibor translates into a 4 per cent reduction in bank earnings' growth.

Higher interest rates also feed through to property, which accounts for around 40 per cent of the stock market. Banks yesterday lifted their best lending rate by 75 basis points to 9.50 per cent, delivering a blow to homeowners and property speculators.

Property prices have long been a barometer of confidence in the territory, and have enjoyed massive appreciation in recent years – a reflection, largely, of limited supply and fervent speculation.

But the new government's pledge to make homes more affordable by increasing supply to the tune of 85,000 units a year rang alarm bells as early as July, when the number of property transactions dried up.

There are other causes of gloom: a number of international institutional funds were overweight on Hong Kong and are now trimming their exposure; and China's rapid economic growth is said to be slowing.

China, however, also provided some good news. On Wednesday when it cut interest rates, thereby helping Hong Kong's substantial activities across the border. But it has not been enough to woo investors back into the red chips (China-backed stocks) that were the target of a massive buying frenzy around the time of the handover.

Its a very different story now. The much vaunted listing of China Telecom, a stock which combines red-chip credentials with foreigners' first bite at China's telecoms market, turned out to be a flop. The shares ended yesterday almost 10 per cent short of their flotation price.

Louise Lucas

Tokyo tumbles 3% to year low

ASIA PACIFIC

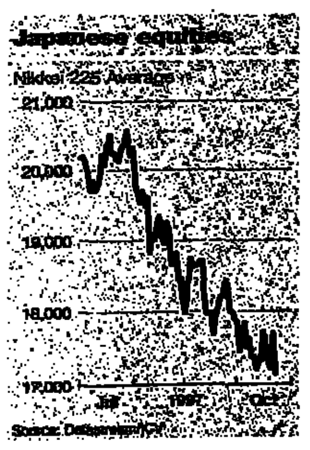
Asia's currency crisis deepened yesterday and share prices fell headlong. Hong Kong led the way with a decline of 10.4 per cent. The Philippines and Singapore stock markets both lost almost 5 per cent.

TOKYO fell to a new low for the year, as contagion from Hong Kong spread to Japanese equities, *writes Bethan Hutton.*

The Nikkei 225 average lost 536.06 or 3 per cent to close at 17,151.55. The previous low of 17,204.70 was set on October 13. The Topix index of all first-section shares fell 30.86 to 1,335.88, while the capital-weighted Nikkei 300 index was down 6.87 to 262.55.

Much of the selling focused on banks with large outstanding loans to Hong Kong, together with export-oriented companies active in the region. Bank of Tokyo-Mitsubishi dropped Y110 to Y1,730, Fuji Bank Y50 to Y1,190, Sanwa Bank Y60 to Y1,300, and Sumitomo Bank Y60 to Y1,550.

Domestic news also triggered selling. Mitsubishi Motors yesterday became the latest big name to be accused of ties with corporate racketeers: three executives were arrested late on Wednesday. Mitsubishi Motors fell to Y30 to Y534.



First-section volume increased to about 450m shares, from Wednesday's 432m, with declining shares outnumbering rises by 784 to 354, with 132 unchanged. In Osaka, the OSE dropped 279.37 to close at 18,015.97 in volume of 13.5m shares.

HONG KONG racked up losses on the Hang Seng index of 15 per cent at one stage before settling at 10,426.30, down 1,211.47. The slide, the steepest ever for a single session, took place in heavy volume with turnover rising to HK$34bn from HK$23.6bn on Wednesday.

The authorities showed their determination to defend the Hong Kong dollar. Interbank rates climbed steeply and the big banks were forced to push prime rates up to 9.5 per cent. This sparked heavy selling of interest rate sensitive financials. HSBC shed HK$29.50 at HK$188.50 to extend its loss this month to 27 per cent.

Redchips had a heart-stopping session. The China Affiliated Corporations index ended 10.12 per cent lower after trailing by almost 30 per cent at one stage. The H shares China Enterprises index lost 10.01 per cent. China Telecom closed at HK$10.55, against a flotation price of HK$11.68.

SYDNEY closed sharply lower as the Australian dollar slipped to a 42-month low and worries about Asian markets infected sentiment. The All Ordinaries index fell 68.0 or 2.5 per cent at 2,614.9.

Dealers said the dollar was weak in spite of strong wage data for the August quarter which had significantly reduced the probability of an interest rate reduction. BHP fell 88 cents to A$14.00 and Western Mining came off 45 cents to A$8.41.

SINGAPORE fell to levels not seen since February 1993. The Straits Times index lost 6 per cent before rallying on bargain-hunting to close 81.81 or 4.7 per cent down at 1,649.87.

Selling centred on banks and property companies. DBS Land fell 9 cents to S$2.70 in heavy volume. OCBC Bank lost 20 cents to S$9.50, after touching a year low of S$9.20.

MANILA ended down 5 per cent at a four-year low, heavily influenced by events in Hong Kong. The composite index fell 119.15 in early trade before trimming losses to close at 1,832.91, down 96.08.

TAIPEI bucked the regional trend as financial stocks rallied, but analysts said the market's 1.7 per cent rise was restricted by worries about the shakeout in Hong Kong.

Government-related funds were said to be behind the gains, continuing a market support operation that started earlier this week.

RECRUITMENT

Organisations with people-led strategies perform better, says **Richard Donkin**

To forget Ford is risky business

A few weeks ago it was time to renew the insurance policy on my car. The premium seemed quite high so I shopped around for a better price and found one £150 cheaper than my current quote with similar cover.

I suggested we change policies. My wife demurred. We know our current insurers, she said. They have always paid out without any problems, and they know us. Call the decision old-fashioned, but we decided to stay with the more costly company. It had something to do with loyalty and trust.

Such values used to influence other decisions such as choice of bank, supermarket, or garage, but they seem less apparent today. I used to know my bank manager but they retired him early, so I moved to another bank where the manager was non-existent, but the service better. If I find a better service elsewhere, I shall move on.

Such choices were recognised by Brent Keltner, a PhD student at Stanford University in California, in a comparative study of the US and German banking industries in 1994. "Customers attracted to a bank by promises of price discounts or other one-time offers," he wrote, "can be expected to be the least loyal and thus constantly in search of a better offer. Product strategies based on continuous customer acquisition require high levels of expenditure on product development and advertising to compensate for customer churn."

The price discounting route was taken in the 1980s by US banks. They achieved lower prices by cutting workforces and finding automated ways to deliver services. German banks, faced with unionisation, labour regulations, and social custom had little option but to view their workforces as assets and so pursued high-service, relationship-based strategies that involved cross-selling of financial services to existing customers.

Mr Keltner's conclusion, quoted in a forthcoming book* by Jeffrey Pfeffer, Thomas D. Dee Professor of organisational behaviour at Stanford Graduate School of Business, was that the strategy of eliminating people and service was a prescription for losing market share. The German banks and those in the US, such as Norwest, which took the opposite approach, profited from people-led strategies.

The US-style strategies, repeated in the UK, made greater use of part-time employees and minimal training, relying on recruiting from outside for those jobs demanding higher skills. Mr Keltner found that turnover rates in US commercial banking had risen to 22 per cent as a result, compared with 7 per cent in Germany. Even so, some US banks, admits Pfeffer, enjoyed a measure of financial success in the 1980s.

Can it continue, given the erosion of their market position? German banks that insisted on high levels of training to build a multi-skilled workforce retained a much higher market share in retail deposits and gained or maintained shares in other markets. They also enjoyed far greater stability in how they earned their income, says Mr Pfeffer.

The alternative to such people-led strategies, he argues, is to use so-called new employment practices of outsourcing and contract employment. Such methods were common in the early days of automation when employment instability, dismissals and temporary lay-offs were facts of life.

These conditions caused problems for the Ford Motor Company, which needed industry-specific skills. Henry Ford was influenced by Ralph Waldo Emerson's essay *Compensation*. Emerson wrote: "In labour as in life there can be no cheating. The thief steals from himself." Emerson argued that trying to chisel the price of labour was self-defeating.

Impressed by this argument, Ford gave his workers a big pay increase to $5 a day, thereby reducing labour turnover and encouraging job applicants. He denied any implication of charity, saying the pay increase was "one of the finest cost-cutting moves we ever made."

William Pollard, chairman of ServiceMaster, a US cleaning company, has gone even further. Mr Pollard has written of the dangers of focusing exclusively on profit instead of nurturing "the soul of the company".

He wrote in his 1995 annual report: "Firms that do this experience a loss in the direction and purpose of their people, a loss in customers, and then a loss in profits . . . You can't run a business without people . . . Only people – not machines – can respond to the unexpected and surprise the customer with extraordinary performance. Only people can serve. Only people can lead, only people can innovate and create."

Mr Pollard has put his finger on the connection between people and profits. His company treats its employees with dignity and respect. In this and previous books, Mr Pfeffer constructs a powerful body of argument, fortified by statistics, rejecting downsizing economies as a recipe for long-term profits, in favour of policies that promote workplace security, training, and information sharing.

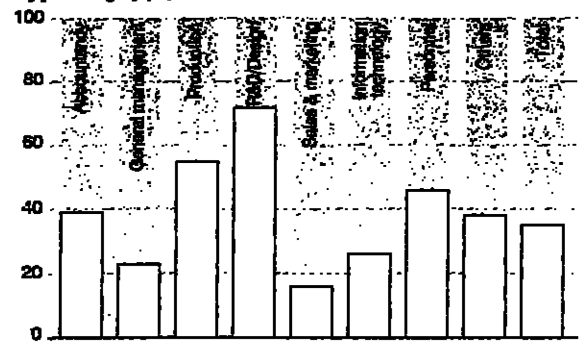
**The Human Equation, Building Profits by Putting People First, by Jeffrey Pfeffer, to be published by Harvard Business School Press in February 1998. $24.95.*

● *The quarterly index of advertised demand for senior executives in the UK (right), produced by the recruitment consultancy MSL International, shows a steady rise in its moving annual total.*

MSL recruitment index

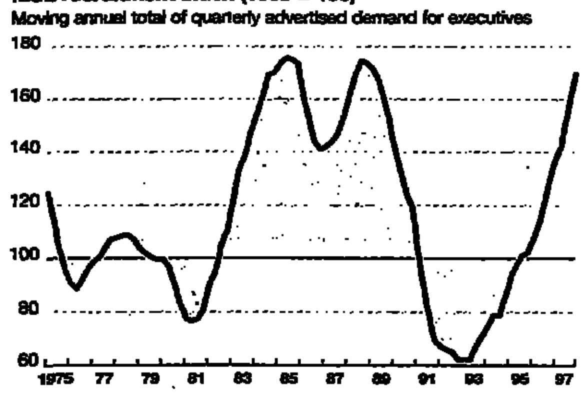
Change Q3 '97 on Q3 '96

By job category (%)



MSL recruitment index (1959 = 100)

Moving annual total of quarterly advertised demand for executives



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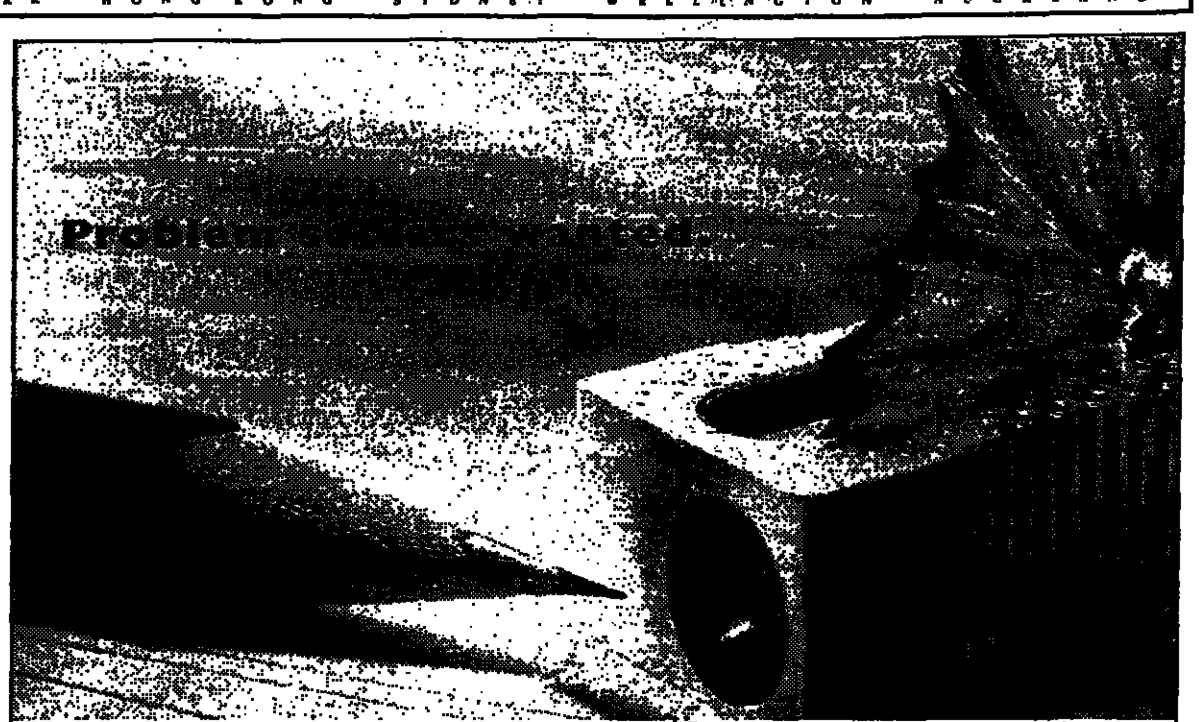

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Our client is a well established merchant bank providing a complementary range of quality services which include corporate finance, corporate banking, international trade finance and treasury.

The corporate finance department focuses on the developing companies sector in the UK and provides independent/strategic advice with regards to capital raisings, flotations, rights issues, mergers and acquisitions, MBO/MBIs and in some instances development capital. They pride themselves on their ability to devise unusual strategic ideas, tackle the more complicated transactions and thrive in their close working relationships with ambitious management.

They are now looking to expand their corporate finance department with the appointment of a Director. Candidates must have a proven track record of success in developing business relationships and delivering quality advice across a broad spectrum of corporate finance transactions.

This role will greatly appeal to those wishing to work in an innovative and sophisticated environment, where achievement is more important than politics. It is a rare opportunity to build your own business in a relatively unfettered and exciting environment.

This is a senior appointment and the individual chosen will be provided with appropriate staff support, and will have considerable freedom of action. They will be expected to be asked to play an important part in the firm's future development.

For an initial discussion regarding this role, or other opportunities within this bank, telephone Annabel Haywood or Jayne Philpott on 0171 269 2318. Alternatively write to them, enclosing full curriculum vitae, at Michael Page City, Page House 39-41 Parker Street, London WC2B 5LN.

Michael Page City
International Recruitment Consultants
London New York Paris Amsterdam Frankfurt Milan Madrid Hong Kong Singapore Sydney

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Group Treasurer

Excellent Remuneration Package

We represent a rapidly expanding international London based bank with an established global presence in Developed and Emerging Markets. Due to the bank's continued success, we wish to appoint a Group Treasurer for their domestic and overseas operations based in London.

The Role:
- To manage and develop financial risk management within foreign exchange, money market, fixed income and derivative markets.
- To promote and expand the bank's profile in providing solutions in structured swaps, Emerging Market debt, currency and credit derivatives.
- To control and structure the group's funding, liquidity and interest rate exposure.
- To newly identify and develop the bank's global trading business exploiting its unique Emerging Market position.

The Profile:
- At least ten years' experience in financial markets coupled with a financial/mathematical degree.
- Excellent inter-personal, presentational, management and computing skills.
- Good analytical and in-depth knowledge of financial risk in derivative and Emerging Market products.
- Ability to ensure policy and strategic decisions are implemented throughout the group's Treasury divisions.

This pivotal role presents an outstanding opportunity to further develop one's career within an expanding business.
For a confidential discussion please contact David Reynolds. Telephone 0171 236 2400. Fax: 0171 236 0316 via E-mail: reynolds@sheffield-haworth.co.uk or apply in writing to: Sheffield-Haworth Limited, Prince Rupert House, 64 Queen Street, London EC4R 1AD.

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Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

Toby Finden-Crofts
0171 873 4027

Financial Times

ETO

ANALYST

ETO is seeking an Analyst (Licensing Administrator) to assist in research on telecommunications issues:

Responsibilities/Duties:
- to collect and compile information on telecommunications regulation;
- to maintain the ETO Web Site (including the related administrative tasks) and contribute to its evolution; (http://www.eto.dk.)
- to support the work of the licensing experts;
- to administrate the One-Stop-Shopping procedure for licensing and contribute to its evolution.

Profile of the applicant:
- must be a national of one of the 43 CEPT countries;
- must have 2 years relevant working experience and university level education.
- must have proven analytical skills and writing abilities.
- must be fluent in English and have a knowledge of either German or French;
- experience with Web page development and Internet search.

The post is based in Copenhagen. The commencing salary will be in the range of DKK 282,000-324,500 per annum (tax-free) based on qualification and experience.

Applications (in English) before 21 November 1997, to the following address: ETO, Holsteinsgade 63, DK-2100 Copenhagen, Denmark. For further information, contact ETO by telephone +45 35 43 80 05.

ETO, the permanent office of the European Committee on Telecommunications Regulatory Affairs (ECTRA), is a central point for strategic thinking and advice about the main regulatory issues in telecommunications in CEPT countries.

London Investment Banking Association (LIBA)

SENIOR EXECUTIVE

The LIBA, which represents the interests of the leading firms in the investment banking industry, has a vacancy for a senior executive to work in the field of primary and secondary securities markets trading and regulation.

The successful candidate will either have had direct experience as a practitioner or will have knowledge of the legislative and regulatory framework, both domestic and international. He or she will need good communication skills; some knowledge of European languages would also be an advantage.

Remuneration and benefits will depend on experience and qualifications, but will reflect the importance of the post.

Written applications only (marked "Personal") should be sent, with a full curriculum vitae, to:

The Director General, LIBA
6 Frederick's Place, London EC2R 8BT

and should arrive by **7th November.**

All applications will be treated in complete confidence.

HOFMANN SCHNEIDER CAPITAL S.A.

VIENNA

We are a rapidly expanding international investment banking firm with offices in the 5 major financial capitals in central/eastern Europe specialising primarily in retail and institutional brokerage, initial public offerings and portfolio management.

As part of our growth-oriented strategy, we are now looking to expand our Vienna-based operation and seek to recruit established Equity Brokers.

The ideal candidate must be a licensed, high calibre individual possessing an extensive network of contacts and an excellent performance track record.

This is a rare opportunity to join a dynamic pro-active institution offering an attractive salary and benefits package, including an outstanding performance related bonus scheme.

To apply, please send CV to:
Hofmann Schneider,
Schwarzenbergplatz 6/2,
Palais Fanto, A-1030 Vienna Austria
Fax: (00431) 710-3828
Alternatively, call: Simon Goldman or Manal Ramadan
Tel: (00431) 71769

THE SUMITOMO BANK, LIMITED

Sumitomo Bank, one of the world's leading banks, is looking for a dynamic and experienced

PROJECT FINANCE PROFESSIONAL

to join it's fast growing team in Singapore. We are currently engaged on a number of advisory and arranging mandates in sectors such as oil/gas/petrochemicals, power and infrastructure in Southeast Asia and Oceania.

The ideal candidate should have at least 5 years of project finance experience and must be familiar with all aspects of advisory and arranging mandates comprising, inter alia, conducting due diligence, negotiating term sheets, modeling, preparing Information Memorandums and making presentations. Telecommunications experience would be an asset.

We are looking for a resourceful high-energy individual who can complete tasks on his/her own yet who is committed to the overall success of the team. Remuneration will not be a bar to the right candidate.

Please reply in confidence by faxing/mailing your resume to:
The Sumitomo Bank, Limited
6 Shenton Way, #27-08,
Singapore 068809
Fax: (65) 229-1553
Attention: David Gardner, Team Head Project Finance, Southeast Asia and Oceania

GROUP FINANCIAL ANALYSIS MANAGER

LEADING INTERNATIONAL INDUSTRIAL GROUP

LONDON — **c.£55,000 + BENEFITS**

- With a turnover of nearly £2 billion, this specialist industrial materials group operates globally from 35 countries, focusing on technology-led industries with high, sustainable growth. The portfolio of businesses continues to be reshaped and major businesses are achieving global leadership.
- The newly formed Corporate Finance and Planning team supports the continuing acquisition and disposal process for the Group and is also responsible for leading strategic planning. A new member is now required to complete this proactive team.
- Reporting directly to the Group Head of Corporate Finance and Planning, the role focuses principally on European activities, but encompasses all entities within the Group. Prime responsibility will be to support analysis of M&A opportunities with a secondary, but growing, role in strategy and finance planning development.
- Graduate calibre, and likely to be late 20s or early 30s, a business qualification would also be beneficial. At least 4 years' financial analysis and strategic planning experience gained within a City, corporate or consulting environment is necessary. Strong financial analysis/modelling skills and computer literacy are essential.
- While this role requires refined analytical and organisational skills with attention to detail, an energetic, outgoing and creative personality will be key. A readiness to challenge conventional thinking will be an essential strength.
- This is a challenging role at the heart of corporate decision making. Excellent opportunities exist for personal advancement both within this role, or in wider roles throughout the group.

Please apply in writing quoting reference 1526
with full career and salary details to:
David Richards
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

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a Whitehead Mann Group PLC company

HEAD OF INVESTMENT ACCOUNTING

PREMIER FINANCIAL SERVICES GROUP

LONDON — **SUBSTANTIAL PACKAGE**

- Our client is a focused financial services company with strong corporate image and a clear business strategy that has delivered excellent results over the last two years.
- The company is organised to provide an exceptional customer focus, a clear framework for decision making and high degree of accountability for its employees.
- The Investment Team manages in excess of £10 billion and operates a wide range of funds. Key challenges for the Head of Investment Accounting are to develop high quality systems and processes, provide leadership to a department of circa 35 and deliver excellent accounting and administration support to the investment team.
- Likely to be a qualified accountant you must have a minimum of ten years' experience in finance or operations in a fund management company. Experience in handling daily valuations, a sound investment knowledge and familiarity with complex compliance and regulatory issues are essential.
- Able to operate in a team-based environment, you will have excellent interpersonal and team leadership skills, a strong bias for action and the ability to consistently deliver in a changing environment.
- This position is critical to the Investment and Finance functions of the company and as such necessitates a high calibre and proactive individual to carry the challenges of the future forward.

Please apply in writing quoting reference 1516
with full career and salary details to:
Fiona Makowski
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

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a Whitehead Mann Group PLC company

EMERGING MARKETS SEARCH & SELECTION

MANAGER - TRANSACTION MANAGEMENT, LONDON

Our client, a global investment bank and already a major established player in the emerging markets, seeks individuals possessing a legal qualification for its expanding transaction management group in London.

Candidates for this role must be able to:
- manage specific transactions in the international capital markets
- deputise for the Department Head

Specific responsibilities will include:

NEW ISSUES
- carrying out due diligence trips - this will include meetings with local management, accountants, lawyers and auditors.
- dealing with Stock Exchanges, Trustees and Agents
- liaising with the New Issues Department, the Legal Department and external counsel to ensure that the transaction is effected as efficiently as possible

STRUCTURED PRODUCTS
- liaising with external counsel regarding documenting specific transactions
- dealing with the Agent and ensuring the transactions close smoothly

LOCAL CURRENCY
- providing legal support to the Bank's proprietary trading desk that specialises in exotic currency trading

DERIVATIVES
- providing expert support to the part of the team responsible for documenting the Banks master ISDA and master ISMA/PSA (repo) agreements
- documenting credit derivatives

Candidates should be transaction-driven, flexible, energetic and have specific experience of managing transactions in the international capital markets or have relevant capital markets experience within a law firm.

An attractive remuneration package is offered for this role. Please send your CV in complete confidence to: [illegible] Emerging Markets Search & Selection Ltd, [illegible] London EC2V [illegible] UK Telephone: [illegible]

EURO LONDON APPOINTMENTS

BANKING WITH LANGUAGES

MANAGER - FUTURES SETTLEMENTS
FLUENT GERMAN - £EXC SALARY + PKG.

One of the City's leading European Investment Banks has an outstanding opportunity for an individual experienced within Futures Operations. The ideal candidate will possess at least 3-5 years' experience in a futures back office environment for either a Bank or Broking Company, together with extensive supervisory experience. You will also have full working knowledge of LCH operations together with a comprehensive understanding of margining, banking procedures and reconciliations. PC literacy essential as is knowledge of Rolfe & Nolan and TRS systems.

CREDIT ANALYST - £AAE + BENS
FLUENT ITALIAN/FRENCH/SPANISH

Leading US Investment Bank is seeking to appoint an experienced Credit Analyst with minimum 2 years' current relevant experience to join dynamic European team within its Counterparty Credit Department. Ideally you will be able to communicate in at least two of the three languages to varying degrees of fluency.

1 HARE PLACE, 47 FLEET STREET, EC4Y 1BJ
Tel: 0171 583 0180 Fax: 0171 583 7800
e-mail: city@eurolondon.com
Visit our Website: www.eurolondon.com

Junior European Investment Analyst

WEST END — **EXCELLENT PACKAGE**

Pantheon Ventures is a highly dynamic independent investment management group whose speciality is investing in private equity funds world-wide. With offices in London, San Francisco and Hong Kong, they currently have over $1.5bn under advice and management.

A demanding and varied role now exists within the expanding European investment team and the selected candidate will gain a wide range of experience encompassing valuations, research, business and data analysis. For the right individual there is excellent opportunity for career advancement.

You will ideally be a graduate and have 18 months financial analysis experience. A Western European language is a pre-requisite as well as the ability to communicate fluently in English, both orally and in writing. A structured, hard-working and methodical approach is important, as is an enthusiastic and a motivated personality.

If you feel that you could play a positive part in a small, highly focused and professional team then please write describing how you believe you meet the above criteria to Suzanne Dobinson, Management Consultancy Division, Robson Rhodes, 186 City Road, London EC1V 2NU.

ROBSON RHODES
Chartered Accountants
RSM International

From

Corporate Finance *To* Venture Capital

UK & Continental Europe — **Excellent Rewards**

- 3i is the leading provider of investment capital to unquoted businesses in Europe, with more than 20 offices located across the UK and Continent.
- 3i's programme for growth opens opportunities for experienced corporate financiers able to make an immediate contribution to the Group's investment business, corporate finance activities and portfolio management in the UK and the Continent.
- Probably from one of the 'Big Six' you will have a record of achievement in generating, structuring and delivering deals across a range of industry sectors.
- Flexible, resilient and creative in your approach, you will combine these qualities with the proven ability and empathy to forge strong commercial relationships and effective business partnerships.
- Language skills and a multi-cultural outlook and experience of working overseas would be an advantage, as would some exposure to emerging technologies.
- This offers an exceptional prospect for outstanding financial professionals to apply their corporate finance skills in a new environment or make the transition to full investment management; and to achieve tremendous personal growth.

Please reply in confidence enclosing a full curriculum vitae, current salary details and quoting reference B2020, to: The Managing Director, Alexander Hughes Selection, 14-16 Lower Regent Street, London SW1Y 4PH.

ALEXANDER HUGHES SELECTION

Australasia Benelux Canada France Germany Italy Japan Scandinavia SE Asia Spain UK United States

HEAD OF PROJECT FINANCE
Johannesburg

Our client, a dynamic and fast moving international banking group, is now seeking to further capitalise on its increasing success in African project finance by recruiting a high profile project financier to head up an expanding and well regarded team based in Johannesburg.

THE ROLE:
- To direct and provide effective leadership to a highly motivated team of professionals.
- To play an integral and strategic role together with the bank's UK operations in the ongoing development of its project advisory and arranging business throughout Africa.
- To co-ordinate and liaise with clients, professional advisors, sponsors and other external bodies to ensure the successful conclusion of mandates.

THE CANDIDATE WILL HAVE:
- A minimum of seven years' project finance advisory and arranging experience with exposure to emerging markets gained through a major player.
- The necessary management and strategic skills to direct a highly focused team.
- Excellent communication skills, initiative, enthusiasm and a highly developed team attitude.

The total remuneration package will be extremely competitive and will be designed to attract a high calibre individual.

*Please contact **Richard Lyons** or **Sean Carr**.*

Tel: (44)171-588 3322
Fax: (44)171-628 2400

CARR-LYONS
Search & Selection Limited

Warnford Court
29 Throgmorton Street
London EC2N 2AT
United Kingdom

Credit Analysis
£30-65,000 + bonus

Increasing business levels and expansion of sector specialism have prompted a number of prestigious institutions to contact us regarding their recruitment needs. Openings exist at a variety of levels, from relatively junior analysts through to sector heads.

The Roles:
- Sector Heads in the French Corporates & Financial Institutions area
- Managers are required to work in W. Europe and E. European Emerging Markets
- Analysts in various geographical markets, including the UK, W. Europe, E. Europe, and the Scandinavian region

The Qualifications:
- All the positions listed above require strong academics (Degree/MBA)
- Five years European analysis and fluent French is a must for the Sector Head roles
- Managerial positions require between two and five years in the Credit field
- Specific geographic specialism and a European language would be advantageous
- Analysts require one to two years credit experience and must be hungry for a chance to build on their skills

The above represent excellent opportunities for experienced Credit professionals looking for the next challenge and a chance to really progress in top tier institutions.

Contact: Andrew Oliver or Sarah Mellersh

Global M&A
to £55,000 + bonus

Our client is recognised within the global banking community for its reputation and market awareness. It has an omnipotent international presence based on a strong pan-European structure. Fully aware of the advantages of sector/regional specialism, this top tier bank has structured its department to suit recent changes, and conducts its business accordingly.

If you seek global reach within your career in Corporate Finance, and you possess the following prerequisites, then you could be set for a demanding and exciting future with an Investment house of the highest quality.

The following skills/experience are essential:
- Outstanding academics (ACA or MBA preferred)
- M&A experience from an Investment bank or Big Six Accountancy firm
- Or Telecom / Media / Technology / Pharma-Chemicals / Financial Institutions expertise from a progressive Corporate Finance team
- A second European language would be beneficial

This is a fantastic opportunity to capitalise on the continued success of our client, and to prosper from both career advancement and financial reward. You must be determined to succeed within a high achieving / results driven environment. If you are, call us for the key to your success.

Contact: Susan Norey or Amanda Lote

16 - 18 New Bridge Street, London EC4V 6AU
Tel: 0171 583 0073 Fax: 0171 353 3908

BADENOCH & CLARK
recruitment specialists

Securities Lending / Equity Finance

Royal Trust, as part of Royal Bank of Canada Financial Group, is a top rated provider of global securities solutions.

Within the global securities services division, Royal Trust has a dynamic, ambitious, and successful Securities Lending and Equity Finance team. This team has an available Securities Lending and Equity Finance portfolio of over $170 billion covering 1100 clients dealing in 25 different currencies.

We are now looking for experienced securities lending / equity finance professionals who have the intellectual rigour and entrepreneurial flair to make a real contribution to this fast growing team. Based in London, successful candidates will be involved in trading of Royal Trust's growing fixed income and equity portfolio through traditional lending and repo.

If you want to be part of a team that rewards achievement, provides autonomy and supports you with the finest resources in the business we would like to hear from you. Please send full personal and career details, including current remuneration package, to:

Sally Brothwell, Royal Bank of Canada, 71 Queen Victoria Street, London, EC4V4DE. Fax 0171 248 3967

ROYAL TRUST
A member of the Royal Bank Financial Group

BUSINESS DEVELOPMENT WITH INTERNATIONAL INSTITUTIONS

Leading international financial and consultancy advisory joint venture seeks experienced professional to develop business opportunities in Central and Eastern Europe and the former Soviet Union. Position will be based in London, Brussels or Milan. Ideal candidates should have the following characteristics:

- European or Eastern European citizenship
- Familiarity with EU PHARE/TACIS and EBRD procurement guidelines
- Familiarity with CEE and NIS region
- Practical experience in undertaking EU and/or EBRD projects desirable
- Committed to results and motivated to work in international environment
- Excellent command of English

Qualified candidates should fax c.v.'s and cover letter to: Laura Crivelli, Ambrosetti 39 2 481-5156.

New Financial Times Appointments Section

Trading Places

For the announcement of changes to senior personnel within your company contact: Ben Bonney-James on +44 171 873 4015

ACCOUNTANCY APPOINTMENTS

Financial Controllers

Retail

c.£40,000 + Car **NW and SW**

Bright, motivated finance professionals sought for highly commercial business support and development roles.

THE COMPANY
- £750m turnover, profitable retail and service organisation.
- Nationwide branch network serving business and domestic markets.
- Established name, service differentiated on quality of customer care and brand coverage.

THE POSITIONS
- Responsible for financial management of £150m turnover divisions.
- Deliver improved performance by focusing operational managers on key business measures and issues.
- Improve efficiency of financial information systems through increased utilisation of IT.
- Lead financial staff and help operational colleagues through the resulting reorganisation and cultural change.

QUALIFICATIONS
- Graduate, qualified accountant; experience gained in dynamic, fast-moving commercial or retail environment.
- Highly motivated leader with strong analytical and IT skills. Proven operational credibility.
- Ambitious, business-focused manager, keen to use and develop commercial acumen. Prepared to challenge the status quo.

Please send full cv, stating salary, ref BI71010, to NBS, Berwick House, 35 Livery Street, Birmingham B3 2PB
Fax 0121 233 4332 Tel 0121 233 4656

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NB Selection NBS Midlands

A BNB Resources plc company ISO 9002 Registered

Internal Audit Manager

Major Financial Institution

c.£35,000 + Banking Benefits **City**

Excellent opportunity to play key role within Group Internal Audit function of premier UK financial services company.

THE COMPANY
- Highly profitable UK based Fund Management Group. Over £21 billion global assets under management.
- Strong reputation for investment performance. Diverse UK and international portfolio.
- High profile internal audit function providing risk based internal consultancy service.

THE POSITION
- Identify and agree internal audit priorities. Take responsibility for conducting wide range of audits throughout different businesses within the Group.
- Assist with continued development of the internal audit function to add value to the business and improve overall operational effectiveness.
- Conduct special investigations and ad hoc assignments.

QUALIFICATIONS
- Graduate Chartered Accountant with minimum one year PQE financial service experience gained within financial institution or accountancy practice.
- Excellent technical and relationship management skills. Credibility to command respect at highest level. High degree of systems literacy.
- Commercially astute team player with excellent written and oral communication skills. Hungry for responsibility.

Please send full cv, stating salary, ref FS71005, to NBS, 21-26 Garlick Hill, London EC4V 2AU
Fax 0171 489 0698 Tel 0171 379 1070

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NB Selection NBS Financial Services

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Experienced Tax Professionals

How wide are your horizons?

Outstanding international career opportunities await you at Price Waterhouse, where we help the world's top-tier companies solve their complex business problems. Leading-edge tax advice is central to our practice, and that is why some of the finest tax advisors in the business can be found amongst our staff of 56,000 in 120 countries worldwide.

Could you be one of them?

Our aggressive growth has created exceptional opportunities in a variety of overseas locations, where you will experience first-hand the excitement of some of the world's most rapidly changing economies. The majority of openings are in **Central and Eastern Europe, Asia and the Pacific Rim,** though we will consider applications for most locations.

To qualify, you will be a recognised tax expert with at least 5 years' specialist experience, either with an advisory firm or in the commercial / industrial or financial service sectors. Prior exposure to international tax issues would be ideal.

Personal attributes will include well-developed communication skills and the adaptability to succeed in what can sometimes be difficult local conditions. Whilst a knowledge of languages may be an advantage in some locations, it is not essential. Appointments will be for an initial two year period but could potentially be extended either locally or in an alternative location.

If you are ready to widen your horizons, please contact:

European based applicants
Ailsa Adair,
Price Waterhouse, 32 London Bridge Street
London SE1 9SY
Tel: 00 44 171 939 2601 Fax: 00 44 171 939 3131
E-mail: Ailsa_Adair@europe.notes.pw.com

North American based applicants
Jack Bernier,
Price Waterhouse, 4 Headquarters Plaza N.
Morristown NJ 07962-1965
Tel: 00 1 201 292 4430 Fax: 00 1 201 292 4479
E-mail: Jack_Bernier@pw.notes.com

Price Waterhouse

FINANCE MANAGER

COMPETITIVE PACKAGE BUDAPEST

THE COMPANY: Our client is a European joint venture between two global corporations with operating partnerships in 43 countries throughout Western and Eastern Europe. With combined assets of $5 billion this Pan-European partnership has net annual sales of over $20 billion.

In their field they are either number 1 or 2 in each of the countries in which they operate. With 11,500 employees, key regional areas of growth are Central and Eastern Europe. Due to significant expansion a position now exists for a Finance & Services Manager in Budapest.

THE ROLE: Reporting to the Services Manager for Central Europe based in Vienna, you will have direct responsibilities and objectives which include:
- developing control and accounting systems for current and new business activities
- ensuring cost effective services for future growth aspirations in Hungary
- producing short and medium term cash forecasts and finance plans to fund business operations
- optimising local tax position
- ensuring compliance with company reporting deadlines, international accounting standards and local regulations
- managing and building a team in an ever growing business

THE PERSON: This is an excellent opportunity for an ambitious finance specialist wishing to develop their international career. You will have:
- a recognised international accounting qualification (e.g. ACA, ACCA, CIMA, CPA, or equivalent)
- previous experience of living and working overseas
- fluency in English, plus a second, preferably Eastern European language
- previous management and project management experience
- worked for an international corporation
- awareness of other support servicing issues

Our client is also seeking a part or newly qualified **management accountant** to be based in **Moscow**. This is a superb opportunity for a Russian and English speaking professional.

Please forward your full resumé in the strictest confidence, quoting reference no. FT3162 to: Antal International, Shropshire House, 1 Capper Street, London WC1E 6JA.
Tel: + 44 (0) 171 637 2001 Fax: + 44 (0) 171 637 0949
or visit our web site on www.antal-int.com

ANTAL INTERNATIONAL

'A Global Recruitment Solution Applied Locally'

Regional Internal Audit Manager Based in Hong Kong

NatWest Markets is the investment banking arm of NatWest Group, one of the largest and best capitalized financial services companies in the world (rated AA by S&P).

THE CONTINUED success of NatWest Markets' expansion in Asia has created opportunities for high calibre audit professionals with product, financial, and IT expertise and experience.

THIS EXCITING high profile role is targeted at professionals with a passion for excellence and for achieving outstanding results in a dynamic organization. Reporting to the Regional Director of Audit in Hong Kong, individuals will possess the following key qualities:
- Relevant experience (at least 5 years) and a strong understanding of investment banking products.
- Creative, innovative, results oriented and customer focused with the ability to deliver high quality, value added audits.
- Energetic, positive and proactive in identifying and resolving difficult risk issues.
- A strong and effective influencer, and also a good team player.
- Excellent interpersonal, communication and report writing skills.

YOU WILL BE expected to travel approximately 30% to 40% of your time in Asia, with occasional trips to London. Fluency in an Asian language, such as Chinese or Japanese would be advantageous.

Competitive salary and benefits will be offered to the right candidates. Please send your detailed resume, including current and expected salary details, contact telephone number and recent photograph to The Manager, Human Resources, NatWest Tower, 46th Floor, Times Square, Hong Kong.

NATWEST MARKETS

Appointments Advertising

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday.

For information on advertising in this section please call

Toby Finden-Crofts
0171 873 4027

Financial Times

International Operational Review

West London **c £40,000 + Car + Bonus**

With 300 operating sites and a turnover of £400 million, our client is a major player in the European market and part of a highly successful international group.

With ongoing plans for expansion, the issues of enhancing customer focus and the re-engineering of business processes are paramount to ensure retention of their competitive edge. The operational review team are expected to play a key role in contributing to these areas.

This team is seen as an entry point for fast track financial professionals and a development position for high potential operations staff, thus combining both the commercial and financial skills of a high calibre group of individuals. Due to their program of personal development, a member of this team has transferred to a business system implementation role and created an opportunity for a senior accountant to join this progressive team.

Working at the most senior levels, your responsibilities will include:
- Leading risk management reviews at key stages of business systems initiatives, eg involvement in implementation of SAP.
- Annual business process risk assessment of all European operations.
- Audit assignments across Europe including occasional assignments further afield.
- Contribution to the teams development of professional working practices.
- Due diligence on acquisitions.

The successful candidate will be a graduate ACA with a minimum two years pqe in a leading accountancy practice or in a major plc. Credibility combined with interpersonal and communication skills, and the flexibility to undertake European travel are pre-requisite.

A good knowledge of Spanish would also be an advantage though not essential.

The role offers unrivalled prospects both UK and internationally and the opportunity to play a vital role in the future financial management of this dynamic organisation.

Should you require further information or wish to pursue this opportunity, please contact Laurence Pengelly or Jane Mackridge at Michael Page Finance, Savannah House, 11 Charles II Street, London SW1Y 4QZ or telephone 0171 269 2571.

Michael Page Finance
Specialists in Financial Recruitment
London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
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PA TO ITS MD, SEVERAL YEARS OF EXPERIENCE IN international commerce, currently employed by a company in Switzerland involved in global activities, seeks exciting new challenge. Speaks and writes fluent Russian/English, French (mother tongue), has working knowledge of German/Italian. Computer literate, dual Swiss/EU citizenship.

Please write to Box A5215, Financial Times, One Southwark Bridge, London SE1 9HL.

CHIEF FINANCIAL OFFICER

DIVERSIFIED INTERNATIONAL GROUP

THG Worldwide, a diversified international business services group, is seeking a finance professional to oversee and co-ordinate the company's North American finance team to be based at its North American headquarters in Chicago.

The group currently employs in excess of 1,000 staff in 15 international offices involved in a range of activities, including the creation and promotion of international business strategy conferences, congresses and training courses, the organisation and sale of corporate entertainment facilities at sporting events worldwide, business and lifestyle publishing, exhibition organisers, event management services and business software products.

The successful applicant will be a fully qualified chartered accountant with proven experience at the centre of an expanding, diverse group and will be able to monitor and develop systems within a rapidly expanding international environment.

The salary package is negotiable and will not be a limiting factor. Interested parties should write in the strictest confidence to the address below.

Applications should be addressed to:
The Chairman
THG Worldwide Ltd
4 Cavendish Square, London W1M 0BX

LONDON, CHICAGO, SYDNEY, NEW YORK, SAN FRANCISCO, TORONTO, TOKYO, PARIS, HONG KONG, KUALA LUMPUR, BOMBAY, DUBAI, AUKLAND, BUENOS AIRES

New Financial Times Appointments Section

Trading Places

For the announcement of changes to senior personnel within your company contact:

Ben Bonney-James
on +44 171 873 4015

هكذا من الأصل

Expand your horizons

Our client is a leading European Investment Bank with substantial capital markets, corporate banking, advisory, asset management and ALM operations in nearly 60 countries worldwide. Due to the importance of its London business and the bank's commitment to development and growth, our client now needs to recruit a number of key finance professionals. The roles are high profile and continually evolving and will require good quality individuals who have the personality and technical skills to work closely with the business.

Capital Markets Control

Due to continued business expansion, our client wishes to reinforce its Financial Controls Unit which is responsible for the assessment, development and implementation of accounting controls and procedures together with the definition of accounting principles. Our client therefore seeks to recruit an experienced accountant to join this influential and highly motivated team at a senior level. The successful candidate must possess good product knowledge, strong analytical skills and a proven ability to liaise and communicate effectively at all levels. In addition, strong IT skills are an essential requirement for this role.

Systems Liaison

Our client is currently engaged in a programme of planned systems enhancements and developments. A new Business Analyst is now required to work as part of a specialist systems team within the finance function involved in the prime role of developing the bank's financial accounting system. In addition, the team offers systems liaison and support to the Financial and Product Accountants and acts as an interface with the IT department. The successful candidate will be a qualified accountant with at least two years relevant experience, excellent IT skills, and, ideally, previous experience of developing new finance systems in a Capital Markets environment.

Financial Accounting

As part of a small team, this role offers an excellent opportunity to gain a good understanding of the bank as a whole and its broad product range. The main responsibility will be to ensure accurate reporting to the appropriate regulatory authorities covering all business activities, as well as assisting in ad-hoc projects as required. The role also encompasses responsibility for the financial accounting and control of a number of the bank's subsidiaries. Ideally, the candidate should have at least two years financial accounting experience and an ability to apply this in a commercial environment and across all disciplines and levels.

Interested candidates should forward a full curriculum vitae to Sarah Hunt at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN, fax 0171 405 9649. Alternatively telephone her on 0171 269 2339.

MP

Michael Page City

International Recruitment Consultants

London New York Paris Amsterdam Frankfurt Milan Madrid Hong Kong Singapore Sydney

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Finance Director (PLC)

West Midlands **£40-45,000 + FX Car + Bonus + Bens**

Blockleys plc is engaged in the manufacture and supply of high quality building products and services, principally clay facing bricks and paviors, together with a landfill operation. Based in Telford, it has a turnover of £10 million with customers from major contracting companies working on projects both in the UK and abroad.

An ambitious and pro-active Finance Director is now sought to play a key role in driving the business forward. Reporting to the Managing Director and Chairman, the Finance Director will contribute fully to the formulation of strategic policy.

Specific responsibilities will include:

- All management and financial reporting and the day-to-day functioning of the finance department.
- Servicing the requirements of the Stock Exchange, the bank, brokers and shareholders.
- Control of working capital requirements through management of the banking relationship.
- Direct involvement in the evaluation and execution of possible future acquisitions.
- Management in conjunction with appointed brokers of pension schemes.
- Company secretarial responsibilities.

Appropriate candidates will be qualified accountants with strong technical and commercial skills with a 'hands on' and practical approach. Candidates must also demonstrate strong interpersonal, influencing and leadership capabilities, coupled with competitiveness. Clearly a background in a plc environment is of particular interest.

Interested candidates should apply in writing quoting reference 377851, enclosing a current curriculum vitae (including salary and benefit details) to Stephen Wilson at Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD.

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

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International Finance Manager

Brighton **to £40,000 + Car + Bonus + Bens**

Our client, a leading services group, with a turnover of £1.1 billion has maintained its position as a dominant market leader and is rapidly building its businesses. The fastest growing unit within the international division has a very exciting new opportunity for a highly commercial Finance Manager.

The International Finance Manager will head up a team of six staff and will be responsible for the day-to-day management of the finance department.

The main emphasis of the role is providing all aspects of financial support encompassing effective financial controls and development, monthly management reporting , budgeting and forecasting. In addition, the International Finance Manager will ensure finance requirements are met by the planned new operational system.

As a key member of the management team, the individual will be expected to attain a thorough understanding of the business to ensure that the finance department continues to contribute to the development and implementation of business strategy within the operating unit.

The ideal candidate will be a dynamic qualified accountant with well rounded accounting and management experience within a fast moving business services or financial services environment. A results orientated individual, the candidate will have excellent interpersonal skills and proven ability to deliver.

If you feel you have the ability to contribute to our clients ongoing success, please send your CV, quoting reference number 377326 to Alistair Robinson, Michael Page Finance, Cygnet House, 45-47 High Street, Leatherhead, Surrey KT22 8AG.

MP

Michael Page Finance

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Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

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COMPASS
GROUP

Financial Controller

Birmingham **to £50,000 + Car + Bonus + Benefits**

Compass Group is the world's leading food services organisation with a turnover of over £4 billion. The business is structured into two major operating divisions, each with several trading companies supported by a shared services division.

Following a strategic business review and against a background of continued growth, the company has launched a major UK information systems programme to implement advanced company-wide systems including SAP R/3 to improve their management control and direction.

They now wish to appoint a Financial Controller within their shared services division to focus on one of their major trading companies. Reporting to the UK Financial Controller, you will manage the provision of a full accounting service. As an integral member of the senior management team, you will be the interface between finance and the commercial operations.

You will be a commercially aware, qualified accountant with at least five years PQE. You should be technically competent and used to operating in a large multi-site organisation. Experience of a high volume processing environment would be a considerable advantage. Strong management and interpersonal skills are prerequisites, as is a high degree of computer literacy.

This is seen as an excellent entry point to join a dynamic organisation which can offer outstanding opportunities.

Interested candidates should apply in writing, enclosing a full curriculum vitae (including current salary and a daytime telephone number) to Jim Davie ACA, Michael Page Finance, The Citadel, 190 Corporation Street, Birmingham B4 6QD, quoting reference 370211.

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

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MANIFOLD
INDEXING

Finance Director

East London **to £45,000 + Car + Bonus + Benefits**

With an enviable reputation for quality, Manifold Industries is the UK's leading supplier of cam operated indexing gearboxes providing motion control solutions into a variety of industrial sectors. Since its acquisition by Renold plc in 1995, a substantial capital investment programme has significantly improved manufacturing facilities as well as providing additional capacity. As part of this improvement of manufacturing facilities, the business will soon move from its existing location to a new site.

Reporting to the Managing Director as a key member of the management team, and managing a small team, you will be responsible for:

- Management and financial accounting.
- Analysis and commentary for the Board and for management purposes.
- Factory efficiency, cashflow and product profitability reports.
- Budgeting and forecasting including cash management.
- Systems development.

Aged 30-45, you will be a qualified accountant, preferably from a manufacturing background, with a robust hands-on approach. Without losing sight of the need for rigorous financial controls, you will bring a genuine desire to contribute to the development of the business through excellent interpersonal and communication skills and a commercial approach.

Interested candidates should apply in writing enclosing a full curriculum vitae (including daytime telephone number and details of present remuneration) to Simon Keating at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LN or telephone 0171 269 2261, fax 0171 831 2612.

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

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Director of Finance

c£46,000 + PRP

Birmingham

Castle Vale HOUSING ACTION TRUST

Castle Vale Housing Action Trust is one of the UK's largest urban regeneration projects with lifetime costs of c£330million. Dedicated to dramatically improving the living, social and environmental conditions of Castle Vale's residents, the Trust provides a fast moving, energetic and highly rewarding environment to work in.

As Director of Finance you will join a highly motivated senior management team charged with planning ambitious development projects and ensuring their completion. Your role will encompass clearly defined operational responsibilities for finance and IT whilst allowing scope for innovation and a proactive contribution to the Trust's strategy.

To succeed in this role you will be professionally qualified with a consistent record of achievement as a senior manager. Whilst a housing, local government or non-departmental government body background would be an advantage, the contribution of candidates from the private sector is also valued, particularly experience of joint venture arrangements or securing funding for major projects. Above all, the Director of Finance must be forward thinking and a person of decisive action.

The position will initially be offered as a three year contract with the option of renewal based upon performance.

If you have the skills, dedication and determination required and seek a rewarding career in an organisation making a real difference to peoples' lives, apply in writing enclosing your CV to our Recruitment Advisor, Andy Robling, Hays Accountancy Personnel, Trinity Passage, The Cross, Worcester, WR1 2PQ. Tel: 01905 616161. Fax: 01905 726342. Closing date for applications is 6th November.

Castle Vale Housing Action Trust is striving to become an Equal Opportunities Employer

Hays Accountancy Personnel Hays

PUBLIC SECTOR

Committed to quality and equality

SYMONDS GROUP
FACILITIES & INFRASTRUCTURE CONSULTANTS

Financial Controller

Midlands **to £40,000 + Car + Benefits**

Symonds Group Limited is part of the £multi billion turnover Generale des Eaux Group, one of the world's leading providers of utility and infrastructure services.

Symonds is a leading consultancy in the field of facilities management and is currently entering into partnership with a world class engineering organisation, providing a tailor made and strategic service enabling them to transform their operational cost base.

As part of the project team, they now wish to appoint a Financial Controller with a combination of both strong financial control experience and significant commercial/negotiation skills.

Candidates should be graduate qualified accountants with at least three years post qualification experience gained in an industrial/commercial environment.

Pure accounting skills are a prerequisite, more important is an ability to operate at the highest level in what is a high profile, major contract.

Interested candidates should send their curriculum vitae to Ian Leech ACMA at Michael Page Finance, Imperial Building, 20 Victoria Street, Nottingham NG1 2EX. Please quote reference 378263.

MP

Michael Page Finance

Specialists in Financial Recruitment

London Bristol Birmingham Edinburgh Glasgow Leatherhead Leeds
Maidenhead Manchester Milton Keynes Nottingham Reading St Albans & Worldwide

Unrivalled opportunities in a global corporate investment bank

City — **£ Excellent Packages**

Our client is a prestigious global corporate and investment banking firm, which operates in over 50 offices across more than 30 countries and six continents and has over 10,000 employees. The European business is centred in London with trading entities in Frankfurt, Moscow and additional presence in Eastern Europe, dealing principally in Fixed Income, Equities, Foreign Exchange, Corporate and Investment Banking, with over US$7 billion of equity capital. Due to rapid expansion of their business activities, a number of opportunities now exist to further strengthen their Regulatory Department. The remit of the department is broad and includes the emerging markets.

Managers

Reporting to the European Head of Regulatory Control, key responsibilities will include:

- Overseeing the day-to-day operation of individual core regulatory teams.
- Assisting in the development and implementation of new business initiatives.
- Taking an active role in the ongoing development programmes, working closely with front office and regulators.

Successful candidates will come from the financial services industry, ideally from a regulatory or accounting background. Previous knowledge of the Capital Adequacy Directive and experience in dealing with UK/European regulators is an advantage. Candidates should also be able to demonstrate a good working knowledge of cash and derivative instruments, possess an analytical approach to problem solving and an ability to communicate at all levels of an organisation.

Regulatory Analysts

The group places great emphasis on the provision of regulatory analysis. The expansion of business activities has given rise to specific requirements within this department, which reports to various regulatory authorities worldwide. The successful candidates will be responsible for management information relating to regulatory control including responding to queries from the front office which demands a detailed knowledge of rules and products.

A high degree of liaison across a number of different areas in the bank, including front office, operations, legal and compliance, demands candidates have first class communication skills and are able to operate in a high profile and pressurised role.

The ideal candidates will be qualified accountants with around two years PQE gained in a financial services environment. Experience in SFA and/or Bank of England reporting under the Capital Adequacy Directive would be an advantage.

Business Analysts

These roles offer excellent career opportunities in investment banking. As part of their existing global initiatives, current projects include:

- Implementation of a new vendor package for Bank of England reporting.
- Assisting in the development and implementation of local and global reporting systems in European offices.

Successful candidates will be those who possess and are able to demonstrate the following qualities:

- Excellent analytical and project management skills.
- Strong product knowledge and awareness of regulatory reporting issues.
- Outstanding communication skills.

Interested candidates should send a curriculum vitae, in strictest confidence, to James Rushworth or Edward Bathgate at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LN or alternatively, fax on 0171 242 5383.

Michael Page City
International Recruitment Consultants
London New York Paris Amsterdam Frankfurt Milan Madrid Hong Kong Singapore Sydney

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Corporate Finance/Corporate Banking Risk Assessment

Major International Bank — London — Highly Competitive Package

Our client is one of the world's largest banks and an expanding force within integrated investment banking, with a presence in all the major financial centres worldwide. This presence was built on a foundation of retail and commercial banking and has expanded into investment banking, particularly in London, New York and East Asia.

Consistently ranked as a top European adviser, it offers strategic and tactical advice on mergers, acquisitions and capital raisings. Coupled with this it is also a dominant European equity house, and one of the top lead managers on the issuance of bonds, equities and international syndicated loans.

Reporting to the Head of Group Audit, European Region, the candidate will work as part of a small team dedicated to risk assessment of the Corporate Finance and Corporate Banking division.

Responsibilities will include:

- assessing the adequacy of internal control procedures by identifying the inherent risks in the above business areas.
- performing financial analysis within Corporate Finance and Corporate Banking divisions.
- planning and managing audit assignments, and proposing recommendations for enhancing the existing control environment.

Aged 28-34, the candidate is likely to have a background in one of the following areas:

- a qualified accountant with a minimum of 3 years pqe in an investment bank.
- a manager/senior manager within a public practice corporate finance department.
- an experienced professional from a similar control area within banking.

A working knowledge of Corporate Finance and/or Corporate Banking transactions would be desirable.

This is an outstanding opportunity to join a 'leading-edge' organisation, offering excellent long term career development potential within a leading investment bank. The rewards include a competitive remuneration package commensurate with experience.

Interested applicants should write, in the strictest confidence to our retained consultants, Benjamin Drake or Julian Usher, at Walker Hamill, Executive Selection, forwarding a brief résumé quoting reference BD 3705.

WALKER HAMILL
103-105 Jermyn Street
St James's
London SW1Y 6EE
Tel: 0171 839 4444
Fax: 0171 839 5857

Financial Controller

Tanzania — **£ Excellent Package**

Our client is a subsidiary of a major international construction group and operates in sub-Saharan Africa.

They are now seeking to recruit a Financial Controller to strengthen their financial team in Tanzania. Reporting to the General Manager and Group Financial Director, the broad duties will include monthly and quarterly reporting, the production of multi-currency financial statements, budgeting and cash control, reviewing and updating management information systems, implementation of a new computerised accounting system, statutory reporting, tax and cash flow planning, as well as maintaining and updating internal control systems.

The successful candidate will be a qualified accountant with up to ten years post qualified experience. The individual should be able to demonstrate a successful track record to date and possess excellent communication skills. Strong preference will be given to candidates who have construction industry experience and who have worked in an international environment.

The contract will initially be given on a two year basis but it is highly probable that this will be renewed on a long term basis. The excellent package includes a tax free salary, local allowances, free accommodation, car and schooling where appropriate, together with the other benefits you would expect from an international company.

Interested applicants should apply in writing with a comprehensive CV and salary details, in strictest confidence, to Peter Gerrard at Michael Page International, Savannah House, 11 Charles II Street, London SW1Y 4QZ, or fax +44 (0)171 976 2612. Please quote reference 378725.

Michael Page International
International Recruitment Consultants
London Paris Amsterdam Dusseldorf Frankfurt Madrid Milan Hong Kong Singapore Sydney Melbourne Auckland New York

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c. £65,000 plus bonus & benefits — *Plc Subsidiary* — *London*

UK Finance Director

Internal promotion and sustained rapid growth has created an opportunity for a commercial and mature finance professional to join the senior management team of the major operating company of this £300 million quoted group. Stretching remit to maintain and enhance the financial management infrastructure as the group builds on its market-leading position.

THE ROLE

- Working closely with the UK MD in identifying, evaluating and delivering major long-term contracts for a range of services.
- Forming a close-knit team and serving the operationally focused Board to ensure delivery against budget.
- Managing and developing further a sizeable and established finance and commercial team and maintaining a first-class costing, financial management and business appraisal function.

THE QUALIFICATIONS

- Mature and confident graduate accountant, aged 30s+ with excellent financial control, costing and project appraisal skills gained from a multi-site, contract-driven business.
- Adept analyst with sound commercial acumen and high energy levels. Capable of contributing to strategic debate at board level.
- First-class leadership and interpersonal skills. Pragmatic and down-to-earth with a sense of humour.

Leeds 0113 230 7774
London 0171 298 3333
Manchester 0161 499 1700

Selector Europe
Spencer Stuart

Please reply with full details to:
Selector Europe, Ref. TKB27811-1/107,
16 Connaught Place,
London W2 2ED

Finance Director

Manchester
£90,000 Package
+ Substantial Share Options + Benefits

It's been an outstanding decade for London Scottish - realising more growth, diversity and market share than ever before. We know exactly where we are now, and exactly where we would like to be. It's crucial to our development that we recruit those who have the strength of character and experience to help us realise our ambitions.

This is a board appointment. A highly commercial role for someone with considerable financial acumen, operational and interpersonal skills to be instrumental in the strategic development of the business. From directing the existing financial department - through to acquisition and business development - you will be a key player in our planned growth.

We think that individual will be a chartered accountant with a performance-driven personality. Someone who can demonstrate a record of developing business growth through financial skill and acquisitions. Above all, you will have the ability to talk on equal terms, both with the City and our staff and customers.

This is a role fundamental to the success of a financial sector plc, with market capitalisation in excess of £100 million. If you possess the outstanding package of skills we're looking for - expect nothing less in return. A salary of circa £75,000, plus a comprehensive range of executive benefits: Performance-related bonus, car, non-contributory pension - plus an opportunity for highly attractive share options - represent a highly rewarding and unique opportunity for your skills.

Please write, in confidence, with a brief resume of why your skills fit the role, to:

Roy Reece, Chief Executive, London Scottish Bank plc., London Scottish House, Mount Street, Manchester M2 3LS

London Scottish

SENIOR FINANCIAL POSITIONS

BRAND LEADER PERSONAL COMPUTERS

DUBLIN — **PACKAGE TO IR£65,000**

- Exceptional opportunity to join this successful £multi-billion turnover branded company as it continues its rapid growth.
- Reporting to Director level, the main purpose of these important roles is to provide strong financial partnership to the business divisions.
- Key challenges in these roles are: to find opportunities to grow and drive the business forward; to play a key role in the business planning process; to ensure there is attention to detail ensuring financial control.
- An MBA is desirable; an accounting qualification is useful but not imperative. A track record in a fast-paced, growing environment where promotion is on merit is important. A broad business knowledge is also important.
- Flexibility in the face of constant change is a must as is intellectual curiosity and forward thinking. Numeracy and a desire to influence at all levels is also required. Drive and tenacity to lead a business is important.
- These roles are key to ensuring the continued rapid growth of the company. Exciting long term opportunities exist for the right individuals.

Please apply in writing quoting reference 5454
with full career and salary details to:
Kevin Bishop
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2043
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
A division of Whitehead Mann Ltd,
a Whitehead Mann Group PLC company

DIVISIONAL FINANCE DIRECTOR

LEADING INTERNATIONAL INDUSTRIAL GROUP

LONDON — **TO £70,000 + BENEFITS**

- Publicly quoted industrial company with market capitalisation of almost £1.5 billion and sales of circa £1 billion per annum. Operating in 25 countries, the business has leading market positions in several speciality product areas.
- Undergone significant restructuring and strong balance sheet allows for expansion through acquisition and joint venture activity combined with organic growth. The Divisional Finance Director will provide financial leadership and support to an international division with circa £200 million turnover.
- Key tasks are to manage and control the financial management of the division through the business Finance Managers and provide strategic financial guidance to the Divisional Chairman on new business development activity, capex projects, joint venture appraisal and other finance initiatives.
- Qualified Accountant with comprehensive financial control experience probably trained in 'Big Six' and preferably relevant industry experience. International experience would be an advantage.
- A motivated, credible and confident professional possessing the commercial acumen and intellectual capacity to develop financial strategy to meet business goals.
- Reporting to the Divisional Chairman and Deputy Group Finance Director, this is an excellent opportunity to have a significant impact at Board level in a progressive and ambitious business. The remuneration package will include car, bonus and competitive benefits.

Please apply in writing quoting reference 1530
with full career and salary details to:
Keith McCambridge
Whitehead Selection
11 Hill Street, London W1X 8BB
Tel: 0171 290 2013
http://www.gbnet.co.uk/whitehead

Whitehead SELECTION
A division of Whitehead Mann Ltd,
a Whitehead Mann Group PLC company

Do you enjoy turning money into... more money?

Our Financial Products Group does, and we particularly enjoy devising and employing the latest techniques in cross-border tax-effective borrowing and investment strategies. Our corporate clients, banks, insurance companies and reinsurance companies world-wide, are smiling too, as they discover through us, new methods of retaining their hard-earned revenues.

Price Waterhouse has a long-standing superior reputation for solving complex business problems both in the UK and internationally and our Financial Products Group is a leader in maintaining this edge. Our early success has created our greatest need: outstanding tax professionals with the passion and drive for devising creative solutions to financial tax problems.

If you do, too, please let us know about your experience in advising on international tax aspects of cross-border financial products such as: exchangeables; convertibles and preference stock, together with investment products such as structured deposits and 'short against the box' trades. This exciting and demanding role will involve developing and marketing tax-efficient, value-added financing structures to take advantage of these cross-border tax arbitrage opportunities, in the **Far East**, **Europe** and the **United States.**

You will be from the accountancy profession, a bank, a law firm, industry or commerce, and not necessarily in the UK. You must already have at least two years' post-qualification experience as an accountant, or three or four years of good basic grounding in corporate and international tax if from another field and will enjoy using these skills to finalise all aspects of the products. You will be creative and innovative, with strong analytical and technical skills. In addition, you will possess excellent interpersonal skills and, as the role requires constant liaison with overseas offices, a willingness to travel.

Based in London we have a highly competitive salary which will be supported by a range of employee benefits, including excellent sports facilities and a flexible remuneration scheme.

To let us know about your enthusiasm for generating new financial product ideas, please contact our Lead Partner, Peter Wilson on tel: 0171 939 5422 or E-mail: Peter_Wilson@europe.notes.pw.com.

Alternatively, please write enclosing your CV, to:
Tara Crisp,
Price Waterhouse,
No. 1 London Bridge,
London SE1 9QL

Price Waterhouse

Price Waterhouse is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

KPMG

Group Chief Financial Officer

• c. £70,000 + bonus • Isle of Man

Our client is one of the world's leading and most innovative investment managers, specialising in emerging markets. Principal activities include the formation, distributing and management of investment funds, together with associated dealing and brokerage operations. The Group, which is publicly quoted, has achieved exceptional growth in assets under management and profitability, based on a reputation for creativity and client-focused expertise.

As a result of this rapid growth, the Group now requires a highly experienced and confident Chief Financial Officer. The position involves the monitoring, controlling and reporting of the Group's trading and investment operations, and therefore requires an individual who has excellent communication skills, including Board level credibility. Key responsibilities will include:

- Short and long-term budgeting and forecasting, with comprehensive performance analysis.
- Co-ordination of monthly reporting to executive management, Group financial reporting and adherence to regulatory requirements.
- Treasury and working capital management.
- Business performance reviews and acquisitions.

The successful candidate will be highly motivated, with a relevant qualification and extensive experience in a financial services environment, preferably within investment management.

This is an outstanding opportunity to work within an innovative and challenging environment. Interested candidates should apply, enclosing their full CV, including details of current renumeration package, by Monday 3 November 1997 to Julie Callow, KPMG Selection & Search, Heritage Court, 41 Athol Street, Douglas, Isle of Man IM99 1HN.

KPMG Selection & Search is licensed in accordance with the IOM Employment Agencies Act No.40

KPMG Selection & Search

Finance Directors

Various Commercial Subsidiaries

South East **Excellent Packages**

Following several career development moves, including transferring senior finance personnel into general management, there is a need to recruit highly motivated and commercially minded finance professionals as Finance Directors for autonomous British Airways' subsidiaries with turnover ranging from £100-200 million per annum.

These are pivotal roles within the respective senior management teams that offer genuine participation and ownership of key business decisions. Responsibilities will include:

- providing a full financial support service including a comprehensive business planning and forecasting capacity;
- evaluating and recommending enhancements to financial systems;
- identifying and implementing profit improvement opportunities through margin control and currency management;
- evaluating capital investment, marketing programmes, product development and pricing proposals using rigorous analytical techniques.

Candidates will be graduate accountants with a minimum of seven years' post qualification experience. This will ideally include the hands-on management of a finance department in a medium sized company. Other requirements include highly developed technical skills and commercial awareness, a thorough understanding of business processes and excellent communication and management skills. Travel sector experience is highly desirable.

These are high profile financial appointments within the progressive and demanding environment of the British Airways group.

Candidates should write, in the strictest confidence, to GKRS, 86 Jermyn Street, London SW1Y 6JD, quoting reference number 785J on both letter and envelope and including details of current remuneration.

www.british-airways.com

BRITISH AIRWAYS
The world's favourite airline

Appointments Advertising appears in the UK edition every Monday, Wednesday & Thursday and in the International edition every Friday.

For further information please contact:
Toby Finden-Crofts
+44 0171 873 4027
Financial Times

FINANCIAL ACCOUNTING MANAGER - Europe

West of London **To £55,000 + Bonus**

Our client, one of the largest and most respected corporations in the world, with European turnover of c£1bn, has a strong customer focus throughout its innovative production, sales and marketing operations in all continents. With a dynamic range of products and services encompassing electronics, computers, consumer products, power and industrial systems and general trading the company has an unquestionable impact on all aspects of life on a truly global basis.

Based at the European HQ and reporting directly to the European Finance Director this exciting new opportunity has now arisen to strengthen the finance team. The new appointee will be responsible for co-ordinating, developing and managing the financial accounting procedures and information systems across Europe through a team of managers located in the field. Close liaison and work with the business units throughout Europe, as well as with the head office team, are therefore vital aspects of this role.

Candidates will be qualified accountants, probably with at least five years' post qualification experience, who can demonstrate excellent career progression to date ideally made within a pan European environment. The ability to bring practical common sense, excellent people management skills, and sound organisational ability to this high profile position is essential, as is the desire to take up the challenges of this first class career opportunity and progress within the group.

Please write enclosing full curriculum vitae quoting ref 665 to:
Philip Cartwright FCMA, Cartwright Consulting, 3 Wigmore Place, Cavendish Square, London W1H 9DB Tel: 0171 371 9476 Fax: 0171 371 9478

CARTWRIGHT CONSULTING
FINANCIAL SELECTION & SEARCH

Working with Management to Add Value

Head of Management Audit

London/Herts Border ***To £60,000, plus bonus plus car***

Our Client, one of the UK's top 200 companies, is a technology leader in the manufacture of a range of branded household name healthcare products. With a turnover in excess of £300 million and pre-tax profits approaching £40 million, the Group employs nearly 5,000 people worldwide and has manufacturing facilities located in North America, Europe and Asia Pacific.

The current year represents the third successive year in which the Group has achieved an impressive increase in profits, and with the clear identification of significant future opportunities, the Group has committed finance and other resources aimed at both expanding the existing businesses and for sustaining its long-term growth.

Against this background an outstanding individual is now sought for the position of Head of Management Audit. This high profile role, based at a location close to the M25, will report directly to the Group Finance Director, and will lead a function that is supported by a small professional team.

Whilst the function will also be responsible for supplementing the external audit, great emphasis will be placed on working closely and effectively with local senior operational and financial management, either on a project or on a consultancy basis, and to adding real value to the business.

As a suitable candidate your long-term career aspirations will not be in audit, but you will be ambitious, have a preparedness to travel, and should have had exposure to a manufacturing environment. It is likely that you will be a graduate accountant, currently either in the profession at Senior Manager level or in industry at a more junior level within a similar function. You will possess strong interpersonal skills, a high level of credibility and the definite potential to move on within the Group.

You should write enclosing a CV together with current remuneration details and daytime/evening telephone contact numbers quoting reference 718/B on both envelope and letter, to the address below.

Chryssaphes Flammiger Associates, Bechtel House, 245 Hammersmith Road, London W6 8DP (Fax: 0181 528 9878).

EUROPEAN MONETARY INSTITUTE

Vacancy in the Administration Department

ACCOUNTANT / BOOKKEEPER

The European Monetary Institute (EMI) was established on 1st January 1994 with its seat in Frankfurt am Main. The EMI's function is to strengthen the co-operation between its members, the central banks of the European Union, and to prepare for the establishment of the future European Central Bank (ECB). The EMI currently employs approximately 325 staff members and has its own terms and conditions of employment, including a competitive salary structure, pension plan, health insurance and relocation benefits. The EMI is looking to fill the following position, which will be offered on a fixed-term contract basis, as soon as possible. Candidates must be a national of a Member State of the European Union.

The holder of this post will be responsible for providing end-user input within a major project for the development of a foreign exchange and securities settlement and accounting system for the European Central Bank. The primary task will be to help to specify the bookkeeping requirements and procedures needed in order to account in detail for transactions executed.

Qualifications

- Professional accountancy qualification.
- Extensive experience in accounting for transactions in foreign exchange, including especially those arising from the management of foreign exchange assets.
- Experience in the selection and implementation of accounting systems.
- Training in, and experience with, office software systems, in particular those used by the EMI (MS-Office, Word, Excel and Access).
- Strong interpersonal skills and ability to work in a team.
- Fluency in English and proven drafting ability in English; a command of German would be an advantage.

Ref.: AD/16/97

Applications

Applications should include a Curriculum Vitae and a recent photograph, together with references confirming the required experience and skills. They should quote the reference number and should be addressed to the **European Monetary Institute, Personnel and Office Services Division, Postfach 10 20 31, D-60020 Frankfurt/Main,** and should reach us no later than 3rd November 1997. Applications will be treated in the strictest confidence and will not be returned.

UBS
Union Bank of Switzerland

Finance Director – Private Equity

London **£Excellent Package**

The Union Bank of Switzerland is involved in a wide range of investment banking, wholesale finance and asset management activities throughout the world and is one of only a handful of banks rated AAA by Standard & Poors. Headquartered in London, our Private Equity division provides capital to growing companies through small teams located across the UK and Continental Europe. It has enjoyed considerable success and is rapidly gaining recognition as a market leader in European private equity.

The growth of the business has generated a requirement for an exceptional Finance Director to join a small, highly focused and experienced team of investment professionals. This is a key appointment where the emphasis will be on contributing significantly to the growth and value of the business, through the provision of strong financial management. Specifically, the successful applicant will be responsible for the financial and management reporting process, as well as financial planning, budgeting, taxation, legal and regulatory issues which arise in a business of this complexity. A key initiative will be the development and implementation of a management information system and in addition, the appointee will evaluate investment performance and risk with regard to both specific investments and regional portfolios.

The ideal candidate will be a commercially orientated ACA/MBA with experience of operating at the highest management levels in a challenging financial advisory environment. Currently working within Financial Services, Commerce, or at Senior Manager/Partner level in a major firm of Chartered Accountants, you must be capable of demonstrating a record of outstanding achievement to date. This is an exceptionally visible and high profile appointment, where prior knowledge of private equity or fund management businesses will be distinctly advantageous.

The remuneration package will reflect the seniority of the position and will include an attractive basic salary, significant bonus potential, company car scheme, normal executive benefits and the opportunity to develop a stimulating career within a highly successful and expanding business.

Applicants should forward a CV in strict confidence to Guy Townsend or Brian Hamill at Walker Hamill Executive Selection, quoting reference GT 3710. All direct responses will be forwarded to: Walker Hamill Executive Selection, 3rd Floor, 103-105 Jermyn Street, St James's, London SW1Y 6EE.

IT Appointments

JNR QUANTITATIVE ANALYST
DERIVATIVES MARKETS
TO £45,000 + BANK BENEFITS

As one of Europe's leading banking and broking institutions we have an enviable reputation for Investment Research, especially in the UK Equities Market. Due to expansion of the group we are looking for a Junior Quantitative Analyst to work within the Equity Strategy team developing mathematical models and provide advanced spreadsheet analysis using complex statistical packages. You will be a graduate with a mathematical or statistical degree, ideally with 1-2 years relevant experience in the City markets. Experience of Visual Basic, C++ or a Java type language is desirable. This is a highly innovative and professional team so enthusiasm and commitment are essential.

PROJECT MANAGER
INVESTMENT MANAGER
TO £45,000 + CAR + BENEFITS

Our Client is one of Europe's leading independent investment houses operating from prestigious offices in the City of London, managing £10 billion of funds on a global basis for institutional, retail and private investors. As part of a group wide strategy they now require a Projects Manager with 3-5 years proven investment management experience to take responsibility for all aspects of the development life cycle. Ideally you will be with a fund manager, management consultancy or software provider and have the ambition and will to succeed in this dynamic and growing investment house.

MARKET RISK ANALYST
GLOBAL RISK MANAGEMENT
TO £60,000 + BANK BENEFITS

The Global Risk Management team of this international investment house is responsible for the monitoring and measurement of market risk, covering Currency, Interest Rate, Equity and Commodity based products. Due to expansion of the group they now require two additional people to support their expanding workload. Ideally you will have a first degree in Mathematics, Physics or another numerate discipline and currently be working for a bank or trading institution. Proven programming skills in C++, Java, VB or other GUI type products are essential. First class interpersonal skills are important as you will be dealing with the global group as well as trading and business management on a daily basis. This is an excellent opportunity to develop both your technical and business skills in a highly motivated and independent team.

BUSINESS CONSULTANTS
MANAGEMENT CONSULTANCY PRACTICE
TO £70,000 + CAR

Our Client, a major management consultancy practice has set up a new group to specialise in Enterprise-wide Risk Management Solutions. The group has a global remit looking at the way large international banking, trading and multi-nationals handle their corporate risk. They are currently looking for consultants who can demonstrate a high degree of business awareness in FX, Money Markets, Fixed Income or Equities who have a successful track record in "big project delivery". Ideally you will be a graduate or have professional qualifications in Banking or Treasury. you will have first class oral and written skills as you will be making presentations and bid proposals at Board level.

For further information on these and other positions please contact Rod Mackenzie at Zarak Group Technology on 0171-523 3720. Fax on 0171-523 3721 (01279-725683 evenings and weekends) or write to him at 37 Sun Street, London EC2M 2PY. E-mail rmackenzie@zgt.zmb.co.uk

ZGT
ZARAK GROUP
TECHNOLOGY

creativity

use yours to find solutions

Business Modelling and Review Consultant

Our Business Modelling Group is a specialist resource which helps clients make safer and more informed decisions in areas such as strategy and planning, M&A, project financing, and bid evaluation. It provides two main services - model analysis and review, and model building.

Model analysis and review involves carrying out an extensive range of checks and tests on a client's model, which will usually be a large, complex spreadsheet or database, to ensure that it can be relied upon for making high-value decisions. An ability to work under time pressure so as to meet deal deadlines, a good eye for detail, as well as an ability to step back and look at the broader picture, and a good understanding of financial accounting and finance are required.

Our modelling work involves using the capabilities of modern software to represent complex business problems in an easy to use, yet robust, way. Our main software tools are Excel, VBA, Access and Delphi. We also make use of fuzzy logic and other quantitative skills. An ability to solve problems quickly, accurately and with panache is required.

We are seeking to recruit an individual to work in both the review and modelling areas of the Business Modelling Group. The person we seek must have a good degree that includes a significant quantitative component. They must also have strong financial knowledge, excellent Excel, and good VBA and Access skills. Knowledge of other programming languages, particularly Delphi, C++, or HTML, may be an advantage but is not essential. Above all we are looking for an intelligent, enthusiastic, flexible and personable team player who will fit into a small, highly motivated group.

To apply, please send your full c.v., quoting reference BMRC, to Victoria Doughty, Arthur Andersen, 1 Surrey Street, London WC2R 2PS.

ARTHUR ANDERSEN

SENIOR BUSINESS ANALYSTS - TREASURY & CAPITAL MARKETS

LONDON AND NEW YORK

EXCELLENT SALARY, PLUS CAR, PLUS BENEFITS

Rolfe & Nolan - The Company

Rolfe & Nolan is one of the leading suppliers of financial software specialising in derivatives and treasury products. A public limited company founded in 1974, Rolfe & Nolan have over 300 staff in 10 offices throughout Europe, North America and Asia Pacific, and provide market leading risk management and settlement software to over 280 clients in 23 countries.

Lighthouse - The Product

Lighthouse is an integrated treasury and capital markets trading and risk management system based on UNIX, WINDOWS NT, C++ and Oracle version 7. Lighthouse is a live system supporting major international bank operations and has a growing pipeline of new business opportunities in a range of global locations.

Senior Business Analysts - The Role

We are looking for Senior Business Analysts to join the Lighthouse business analysis and risk management consulting team. The Business Analysts will apply business knowledge and experience to assist in all phases of the software development life-cycle, from problem definition to functional specification, implementation through to testing and on-going maintenance and enhancements. In these roles, the Business Analysts will gain exposure to various stages of commercial activities, including pre-sales and post-sales support.

ROLFE & NOLAN

Suitable Applicants will have:

- Approximately 2 years front office, operations or back office experience in one or more wholesale banking areas including FX, Money Markets, Capital Markets or Credit and related derivatives.
- Excellent specification/documentation skills and experience, specifically applied in one of the business environments mentioned above.
- Been educated to degree level.
- Excellent team, communication, analytical and spreadsheet (Excel) skills.

If you have the above qualifications, please apply in writing with your current CV and salary details to Liz Wright, Human Resources Manager, Rolfe & Nolan Systems Limited, Lowndes House, 1/9 City Road, London EC1Y 1AA U.K. Telephone (44) 171 374 4841 Fax (44) 171 374 0732

INVESTMENT BANKING

C++/UNIX
£30K - £45K + BONUS
International banking group seeks developers with a minimum of one year's C++/Unix expertise. You will join a young and dynamic team, developing an exotic derivatives system for FX, Fixed Income and Equities. Candidates with relational database skills and strong mathematical capabilities will have preference.

C++/NT/VB/DERIVATIVES
£35K - £50K + BONUS
Growing front office group are currently expanding their equities business and require multi-skilled developers. These are 'hybrid' roles which require strong client server development skills coupled with a good understanding of the investment banking sector. A combination of C++, Sybase, Visual Basic and Derivatives experience is absolutely essential. These are business focused roles with appropriate financial rewards.

C++/EXCEL/FIXED INCOME
£35K - £45K + BONUS
Financial engineers required for the fixed income analytics group of this premier investment bank. Situated on the desk you will develop a toolkit for analytics, strategists and modellers utilising C++, Excel and your fixed income business knowledge. Rapid career development guaranteed for high flyers.

QUANTITATIVE ANALYSTS
£30K - £60K + BONUS
Firmwide risk group of this leading US investment bank seek quantitative analysts to work with traders and strategists. You must have strong knowledge of pricing derivatives coupled with solid programming skills. Duties will include price verification, the review of mathematical formulas and the development of alternative methods.

C++/ORACLE
£35K - £55K + BONUS
Pre-eminent global investment bank seeks financial engineers to join a team charged with the build of a risk management system. Utilizing your extensive C++/Object skills you will contribute to the whole life cycle development of the system. Preference will be given to candidates with distributed systems and business expertise. Fast-track career development with superb financial rewards.

SYBASE
£35K - £55K + BONUS
Global derivatives house seek a relational database expert with a minimum of one year's Sybase expertise. Joining the front office equities team, your role will encompass life cycle development, database design and related performance issues. There will be extensive contact with the traders and development teams on the development of their main trading application. Rapid career growth.

ARc

The people the City turn to first.

Many of our clients also offer Contract opportunities requiring the above skills.
This is just a small selection of the quality positions we have available. To discuss your options call Paul Wilkins on 0171 287 2525 or fax your CV to us on 0171 287 9688. Or alternatively, please write to us at ARC Recruitment, 15–16 New Burlington Street, London W1X 1FF.
E-mail: arc@itjobs.co.uk

BUSINESS PRACTICES MANAGER

OTE £45,000-£70,000 + car + benefits
South East

Oracle is one of the largest and most successful independent software companies in the world. We will continue to shape IT thinking and use towards the millennium and beyond combining strategic market awareness with technical expertise to produce advanced integrated solutions. The UK Business Practice Organisation is part of our Commercial Division, and consists of Business Practices, Approvals and Pricing.

A high calibre individual with considerable presence and obvious integrity, is required for the role of Business Practices Manager. Responsibilities include implementation and compliance with global business practices; driving development of new business practices to address changing business needs; ownership of the UK pricing function and UK approvals process all with the purpose of assisting sales to achieve results which satisfy both our clients and shareholders. Other responsibilities include:-

- Working closely with the UK management team advising on global and local business practices ensuring their consistency.
- Developing new practices that address changing business needs and working with regional (EMEA) and global Business Practice groups to implement these.
- Working with members of the Commercial Division concerned with Commercial Education, and selling support services to members of the legal team to ensure they are able to develop transactions in line with both business practices and specific approval.
- Develop License and Service models that address specific or fresh market situations.
- Continuous development of sales force skills in adhering to Business Practices while retaining awareness of potential need to develop new practices.
- Continuous development of skills and productivity of direct report colleagues.

Candidates will have at least 5 years' commercial experience in the software industry, perhaps gained as a legal advisor/revenue integrity or management accountant/business unit manager.

They will display the self-motivation and leadership skills necessary to manage a team in a complex matrix and processes, as well as having outstanding communication and presentation skills and be proficient with current personal productivity tools to facilitate high productivity and fast service turnaround.

Please write with a full CV quoting ref: OFT/462/KH to Kathryn Herrington (tel: 0118 924 5126) to Oracle Recruitment, Oracle Corporation UK Ltd., Oracle Parkway, Thames Valley Park, Reading, Berkshire RG6 1RA. Or visit us on the worldwide web: http://jobs.oracle.com

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The FT IT Recruitment section is also available all week on www.FT.com